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Government  
Publications

HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman:* H. B. McCULLOCH, ESQ.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

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BILL No. 376

An Act to authorize Trans-Prairie Pipelines, Ltd. to construct, own and  
operate an extra-provincial pipe line

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MONDAY, MAY 30, 1955

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WITNESSES:

Mr. J. M. Coyne, Barrister-at-Law, of Ottawa, and Mr. Don R. Brandt,  
President, Trans-Prairie Pipelines, Ltd., of Edmonton.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955



STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and

Messrs.

Barnett	Gauthier ( <i>Lac-Saint</i>	Lavigne
Batten	<i>Jean</i> )	Leboe
Bonnier	Goode	McIvor
Boucher ( <i>Chateauguay-</i>	Gourd ( <i>Chapleau</i> )	Meunier
<i>Huntingdon-Laprairie</i> )	Green	Montgomery
Buchanan	Habel	Murphy ( <i>Lambton West</i> )
Byrne	Hahn	Murphy ( <i>Westmorland</i> )
Campbell	Hamilton ( <i>Notre-Dame</i>	Nesbitt
Carrick	<i>de-Grace</i> )	Nicholson
Carter	Hamilton ( <i>York-West</i> )	Nickle
Cauchon	Harrison	Nixon
Cavers	Healy	Nowlan
Clark	Herridge	Purdy
Decore	Holowach	Ross
Deschatelets	Hosking	Small
Dupuis	Howe ( <i>Wellington-</i>	Stanton
Ellis	<i>Huron</i> )	Viau
Follwell	James	Villeneuve
Fulton	Johnston ( <i>Bow River</i> )	Vincent
Gagnon	Kickham	Weselak
	Lafontaine	
	Langlois ( <i>Gaspe</i> )	

Eric H. Jones,  
Clerk of the Committee.



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ORDER OF REFERENCE

HOUSE OF COMMONS,  
FRIDAY, May 24, 1955.

*Ordered*,—That the following Bill be referred to the said Committee:

Bill No. 376 (Letter U-12 of the Senate), intituled: "An Act to authorize Trans-Prairie Pipelines, Ltd., to construct, own and operate an extra-provincial pipe line".

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*



## REPORTS TO THE HOUSE

WEDNESDAY, June 1, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

### ELEVENTH REPORT

Your Committee has considered Bill No. 376 (Letter U-12 of the Senate), intituled: "An Act to authorize Trans-Prairie Pipelines, Ltd. to construct, own and operate an extra-provincial pipe line", and finds that the said company is a provincial company; therefore, so as to enable the objects desired to be accomplished by the instrumentality of a company incorporated by a Special Act of Parliament of Canada, your Committee has agreed to report the said bill with amendments, namely:

#### *Preamble*

In line 1, after the words "Trans-Prairie Pipelines, Ltd." insert the following:

, a company incorporated under the laws of the province of Manitoba.

#### *Clause 1*

Delete Clause 1 and substitute the following clauses 1, 2, 3 and 4:

1. Don Raphael Brandt, oil executive, Jerry Stanley Starack, comptroller, William Stewart McGregor, oil executive, and Walter Ronald Wiebe, oil executive, all of the city of Edmonton, in the province of Alberta, Francis Leslie Croteau, geological engineer, of the city of Calgary, in the province of Alberta, and Donald John McDonald, investment dealer, and Robert George Brian Dickson, barrister, both of the city of Winnipeg, in the province of Manitoba, together with such persons as may become shareholders in the company, are incorporated under the name of Trans-Prairie Pipelines of Canada, Ltd., hereinafter called "the Company".

2. The persons named in section 1 of this Act shall be the first directors of the Company.

3. (1) The capital stock of the Company shall consist of

- (a) five hundred thousand common shares without nominal or par value, and
- (b) one hundred thousand preferred shares of the par value of five dollars per share.

(2) The Company may by by-law from time to time

- (a) provide for the issue of the preferred shares in one or more series with such preference, privileges or other special rights, restrictions, conditions or limitations attaching to each series whether with regard to dividends, capital or otherwise as in the by-law may be declared, and
- (b) subdivide or consolidate into shares of smaller or larger par value and reclassify into another or different series any unissued preferred shares and amend, vary, alter or change any of the preferences, privileges, rights, restrictions, conditions or limitations which may have been attached to any unissued preferred shares:



Provided that no such by-law shall be valid or acted upon until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the common shareholders of the Company duly called for considering the same and until a certified copy of such by-law has been filed with the Secretary of State.

(3) Except to the extent that such rights may be provided by any by-law enacted under subsection (2), the holders of preferred shares of any series shall not as such have the right to vote or to receive notice of or to attend any meeting of the common shareholders of the Company, but no change shall be made affecting the rights or privileges of the holders of issued and outstanding preferred shares of any series except by by-law duly enacted by the directors and sanctioned by the common shareholders in the manner set forth in subsection (2), nor shall such by-law have any force or effect unless or until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the holders of the issued and outstanding preferred shares of such series duly called for considering the same, and a certified copy thereof has been filed with the Secretary of State.

(4) Ownership of preferred shares shall not qualify any person to be a director of the Company.

4. (1) The head office of the Company shall be in the city of Winnipeg in the province of Manitoba, which head office shall be the domicile of the Company in Canada; and the Company may establish such other offices and agencies elsewhere within or without Canada as it deems expedient.

(2) The Company may, by by-law, change the place where the head office of the Company is to be situate.

(3) No by-law for the said purpose shall be valid or acted upon until it is sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders duly called for considering the by-law and a copy of the by-law certified under the seal of the Company has been filed with the Secretary of State and published in the *Canada Gazette*.

#### Clause 2

Renumber Clause 2 as Clause 5.

#### New Clauses

Immediately following new Clause 5, add the following as Clauses 6, 7, 8, 9, 10 and 11:

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons which is enacted by Parliament, may

- (a) within Canada in the Northwest Territories and the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial, extra-provincial and/or international pipe lines, for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons, including pumping stations, gathering systems, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines, provided that the main pipe line or lines for the transmission and



transportation of gas and other gaseous hydrocarbons shall be located entirely within Canada; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas and oil and other liquid and gaseous hydrocarbons; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the *Radio Act*, and any other Act relating to radio, own, lease, operate and maintain interstation radio communication facilities;

- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water and other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and
- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection 1 of section 14 of the *Companies Act*.

7. The provisions of subsection (7), (8), (9), (10) and (11) of section 12 and sections 39, 40, 62, 63, 64, 65 and 91 of Part I of the *Companies Act*, apply to the Company: Provided that wherever in the said subsections (7) and (11) of section 12, the words "letters patent" or "supplementary letters patent" appear, the words "Special Act" shall be substituted therefor.

8. Sections 162, 167, 184, 190, 193 and 194 of Part III of the *Companies Act*, shall not be incorporated with this Act.

9. (1) The Company shall not make any loan to any of its shareholders or directors or give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase made or to be made by any person of any shares in the Company: Provided that nothing in this section shall be taken to prohibit:

- (a) the making by the Company of loans to persons other than directors, bona fide in the employment of the Company with a view to enabling or assisting those persons to purchase or erect dwelling houses for their own occupation; and the Company may take, from such employees, mortgages or other securities for the repayment of such loans;
- (b) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase by trustees of fully paid shares in the capital stock of the Company, to be held by, or for the benefit of, employees of the Company, including any director holding a salaried employment or office in the Company; or



(c) the making by the Company of loans to persons, other than directors, bona fide in the employment of the Company, with a view to enabling those persons to purchase fully paid shares in the capital stock of the Company, to be held by themselves by way of beneficial ownership.

(2) The powers under paragraphs (b) and (c) of sub-section one of this section shall be exercised by by-law only.

(3) If any loan is made by the Company in violation of the foregoing provisions, all directors and officers of the Company making the same or assenting thereto, shall until repayment of said loan, be jointly and severally liable to the Company and to its creditors for the debts of the Company then existing or thereafter contracted: Provided that such liability shall be limited to the amount of said loan with interest.

10. The redemption or purchase for cancellation of any fully paid preferred shares created by this Act or by by-law pursuant to the provisions of this Act, in accordance with any right of redemption or purchase for cancellation reserved in favour of the Company in the provision attaching to such preferred shares, or the redemption or purchase for cancellation of any fully paid shares of any class, not being common or ordinary shares, and in respect of which the by-laws provide for such right of redemption or purchase, in accordance with the provisions of such by-laws, shall not be deemed to be a reduction of the paid-up capital of the Company, if such redemption or purchase for cancellation is made out of the proceeds of an issue of shares made for the purpose of such redemption or purchase for cancellation, or if,

- (a) no cumulative dividends, on the preferred shares or shares of the class in respect of which such right of redemption or purchase exists and which are so redeemed or purchased for cancellation, are in arrears; and
- (b) if such redemption or purchase for cancellation of such fully paid shares is made without impairment of the Company's capital by payments out of the ascertained net profits of the Company which have been set aside by the directors for the purposes of such redemption or of such purchase for cancellation, and if such net profits are then available for such application as liquid assets of the Company, as shown by the last balance sheet of the Company, certified by the Company's auditors, and being made up to a date not more than ninety days prior to such redemption or purchase for cancellation, and after giving effect to such redemption or purchase for cancellation;

and subject as aforesaid, any such shares may be redeemed or purchased for cancellation by the Company on such terms and in such manner as are set forth in the provisions attaching to such shares, and the surplus resulting from such redemption or purchase for cancellation shall be designated as a capital surplus, which shall not be reduced or distributed by the Company except as provided by a subsequent Act of the Parliament of Canada.

11. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares, bonds, debentures, debenture stock or other securities of the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares, bonds,



debentures, debenture stock or other securities of the Company: Provided, however, that as regards shares, such commission shall not exceed ten per centum of the amount realized therefrom.

Your Committee draws to the attention of the House the fact that the amendments made were not contemplated either in the petition or the notice, but were made by your Committee for reasons of public interest.

In view of the material amendments to the Bill your Committee also recommends that the Title of the Bill be altered to read "An Act to incorporate Trans-Prairie Pipelines of Canada, Ltd."

A copy of the evidence adduced in respect of Bill No. 376 is appended.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

WEDNESDAY, June 1st, 1955.

The Standing Committee on Railways, Canada and Telegraph Lines begs leave to present the following as its

#### TWELFTH REPORT

Bill 376 (Letter U-12 of the Senate), intituled: "An Act to authorize Trans-Prairie Pipelines, Ltd., to construct, own and operate an extra-provincial pipe line" reported by the Committee this day in its Eleventh Report, was amended to provide for capital stock consisting, in part, of five hundred thousand common shares without nominal or par value.

Your Committee recommends that for taxing purposes under Standing Order 93 (3), the aggregate value of such shares without nominal or par value be fixed at \$1,500,000.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*



## MINUTES OF PROCEEDINGS

MONDAY, May 30, 1955

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 o'clock a.m. this day. The Chairman, Mr. H. B. McCulloch, presided.

*Members present:* Messrs. Barnett, Batten, Campbell, Carrick, Cavers, Goode, Gourde (Chapleau), Green, Hahn, Hamilton (Notre-Dame-de-Grace), Herridge, Holowach, Johnston (Bow River), Lafontaine, Leboe, McCulloch (Pictou), Murphy (Westmorland), Nicholson and Purdy.

*In attendance,*—Mr. G. D. Weaver, M.P., Sponsor of Bill No. 376; Mr. J. M. Coyne, Counsel on behalf of Mr. D. G. Blair, Parliamentary Agent; Mr. Don R. Brandt, President, Trans-Prairie Pipelines, Ltd., of Edmonton; and Dr. Maurice Ollivier, Parliamentary Counsel.

The Committee proceeded to consider Bill No. 376 (Letter U-12 of the Senate) intituled: "An Act to authorize Trans-Prairie Pipelines, Ltd. to construct, own and operate an extra-provincial pipe line".

On motion of Mr. Barnett,

*Resolved*, that the Committee print 750 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in respect of Bill No. 376.

On the preamble Mr. Coyne was called; he explained the purpose of the bill and stated that the promoters now wish to change the form of the bill from that which had been passed by the Senate, so as to meet the wish of Parliament that pipe line companies seeking extra-provincial pipe line rights should have a federal charter. He was questioned.

Mr. Weaver further explained the problem facing the promoters in regard to the bill in asking for authority of Parliament to extend their operations beyond Manitoba, under the laws of which province they are presently incorporated. Appreciating that their wish might best be achieved by their applying for incorporation by Parliament, the promoters were now suggesting amendments to the bill to this end.

*(The suggested amendments were distributed to the Committee.)*

Mr. Brandt was called; he explained the operations of the company since its incorporation and its plans for future operations in the event that the bill and the amendments thereto now suggested were approved by Parliament. He was questioned thereon and retired.

The Committee considered the bill, clause by clause, Mr. Coyne explaining the suggested amendments to each clause.

It was agreed that the preamble be amended by inserting after the words "Trans-Prairie Pipelines, Ltd." in line 1, the following:

a company incorporated under the laws of the Province of Manitoba,

The preamble was adopted as amended.



*On Clause 1*

It was agreed to amend Clause 1 by deleting that clause and substituting new clauses 1, 2, 3 and 4, as follows:

1. Don Raphael Brandt, oil executive, Jerry Stanley Starck, comptroller, William Stewart McGregor, oil executive, and Walter Ronald Wiebe, oil executive, all of the city of Edmonton, in the province of Alberta, Francis Leslie Croteau, geological engineer, of the city of Calgary, in the province of Alberta, and Donald John McDonald, investment dealer, and Robert George Brian Dickson, barrister, both of the city of Winnipeg, in the province of Manitoba, together with such persons as may become shareholders in the company, are incorporated under the name of Trans-Prairie Pipelines of Canada, Ltd., hereinafter called "the Company".

2. The persons named in section 1 of this Act shall be the first directors of the Company.

3. (1) The capital stock of the Company shall consist of

- (a) five hundred thousand common shares without nominal or par value, and
- (b) one hundred thousand preferred shares of the par value of five dollars per share.

(2) The Company may by by-law from time to time

- (a) provide for the issue of the preferred shares in one or more series with such preferences, privileges or other special rights, restrictions, conditions or limitations attaching to each series whether with regard to dividends, capital or otherwise as in the by-law may be declared, and
- (b) subdivide or consolidate into shares of smaller or larger par value and reclassify into another or different series any unissued preferred shares and amend, vary, alter or change any of the preferences, privileges, rights, restrictions, conditions or limitations which may have been attached to any unissued preferred shares:

Provided that no such by-law shall be valid or acted upon until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the common shareholders of the Company duly called for considering the same and until a certified copy of such by-law has been filed with the Secretary of State.

(3) Except to the extent that such rights may be provided by any by-law enacted under sub-section (2), the holders of preferred shares of any series shall not as such have the right to vote or to receive notice of or to attend any meeting of the common shareholders of the Company, but no change shall be made affecting the rights or privileges of the holders of issued and outstanding preferred shares of any series except by by-law duly enacted by the directors and sanctioned by the common shareholders in the manner set forth in sub-section (2), nor shall such by-law have any force or effect unless or until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the holders of the issued and outstanding preferred shares of such series duly called for considering the same, and a certified copy thereof has been filed with the Secretary of State.

(4) Ownership of preferred shares shall not qualify any person to be a director of the Company.



4. (1) The head office of the Company shall be in the city of Winnipeg in the province of Manitoba, which head office shall be the domicile of the Company in Canada; and the Company may establish such other offices and agencies elsewhere within or without Canada as it deems expedient.

(2) The Company may, by by-law, change the place where the head office of the Company is to be situate.

(3) No by-law for the said purpose shall be valid or acted upon until it is sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders duly called for considering the by-law and a copy of the by-law certified under the seal of the Company has been filed with the Secretary of State and published in the *Canada Gazette*.

#### *On New Clause 3*

A declaration by Don R. Brandt, on behalf of the promoters, was submitted by Mr. Coyne to the effect that the portion of the capital stock, as set out in new Clause 3, consisting of five hundred thousand common shares without nominal or par value is to be issued for a consideration not to exceed in the aggregate \$1,500,000.

On motion of Mr. Purdy,

*Resolved*,—That for the purpose of levying a charge on the portion of the capital stock consisting of five hundred thousand shares without nominal or par value under the provisions of Standing Order 93 (3), the Committee recommend that the said charge be levied on an amount of \$1,500,000.

#### *On Clause 2*

It was agreed to amend Clause 2 by renumbering it as Clause 5.

#### *New Clauses*

It was agreed to add immediately following new Clause 5 the following as Clauses 6, 7, 8, 9, 10 and 11:

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons which is enacted by Parliament, may

(a) within Canada in the Northwest Territories and the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial, extra-provincial and/or international pipe lines, for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons, including pumping stations, gathering systems, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines, provided that the main pipe line or lines for the transmission and transportation of gas and other gaseous hydrocarbons shall be located entirely within Canada; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas and oil and other liquid and gaseous hydrocarbons; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the *Radio Act*, and any other Act relating to radio, own, lease, operate and maintain interstation radio communication facilities;



- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water and other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and
- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection 1 of section 14 of the *Companies Act*.

7. The provisions of subsections (7), (8), (9), (10) and (11) of section 12 and sections 39, 40, 62, 63, 64, 65 and 91 of Part I of the *Companies Act*, apply to the Company: Provided that wherever in the said subsections (7) and (11) of section 12, the words "letters patent" or "supplementary letters patent" appear, the words "Special Act" shall be substituted therefor.

8. Sections 162, 167, 184, 190, 193 and 194 of Part III of the *Companies Act*, shall not be incorporated with this Act.

9. (1) The Company shall not make any loan to any of its shareholders or directors or give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase made or to be made by any person of any shares in the Company: Provided that nothing in this section shall be taken to prohibit:

- (a) the making by the Company of loans to persons other than directors, *bona fide* in the employment of the Company with a view to enabling or assisting those persons to purchase or erect dwelling houses for their own occupation; and the Company may take, from such employees, mortgages or other securities for the repayment of such loans;
- (b) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase by trustees of fully paid shares in the capital stock of the Company, to be held by, or for the benefit of, employees of the Company, including any director holding a salaried employment or office in the Company; or
- (c) the making by the Company of loans to persons, other than directors, *bona fide* in the employment of the Company, with a view to enabling those persons to purchase fully paid shares in the capital stock of the Company, to be held by themselves by way of beneficial ownership.

(2) The powers under paragraphs (b) and (c) of sub-section one of this section shall be exercised by by-law only.



(3) If any loan is made by the Company in violation of the foregoing provisions, all directors and officers of the Company making the same or assenting thereto, shall until repayment of said loan, be jointly and severally liable to the Company and to its creditors for the debts of the Company then existing or thereafter contracted: Provided that such liability shall be limited to the amount of said loan with interest.

10. The redemption or purchase for cancellation of any fully paid preferred shares created by this Act or by-law pursuant to the provisions of this Act, in accordance with any right of redemption or purchase for cancellation reserved in favour of the Company in the provision attaching to such preferred shares, or the redemption or purchase for cancellation of any fully paid shares of any class, not being common or ordinary shares, and in respect of which the by-laws provide for such right of redemption or purchase, in accordance with the provisions of such by-laws, shall not be deemed to be a reduction of the paid-up capital of the Company, if such redemption or purchase for cancellation is made out of the proceeds of an issue of shares made for the purpose of such redemption or purchase for cancellation, or if,

- (a) no cumulative dividends, on the preferred shares or shares of the class in respect of which such right of redemption or purchase exists and which are so redeemed or purchased for cancellation, are in arrears; and
- (b) if such redemption or purchase for cancellation of such fully paid shares is made without impairment of the Company's capital by payments out of the ascertained net profits of the Company which have been set aside by the directors for the purposes of such redemption or of such purchase for cancellation, and if such net profits are then available for such application as liquid assets of the Company, as shown by the last balance sheet of the Company, certified by the Company's auditors, and being made up to a date not more than ninety days prior to such redemption or purchase for cancellation, and after giving effect to such redemption or purchase for cancellation;

and subject as aforesaid, any such shares may be redeemed or purchased for cancellation by the Company on such terms and in such manner as are set forth in the provisions attaching to such shares, and the surplus resulting from such redemption or purchase for cancellation shall be designated as a capital surplus, which shall not be reduced or distributed by the Company except as provided by a subsequent Act of the Parliament of Canada.

11. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares, bonds, debentures, debenture stock or other securities of the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares, bonds, debentures, debenture stock or other securities of the Company: Provided, however, that as regards shares, such commission shall not exceed ten per centum of the amount realized therefrom.

The bill was carried as amended.

It was agreed to draw to the attention of the House the fact that the amendments made to Bill No. 376 were not contemplated either in the petition or the notice but were made for reasons of public interest.



It was agreed that, in view of the material amendments to Bill No. 376, the Committee recommend that the title of the bill be altered to read "An Act to incorporate Trans-Canada Pipelines of Canada, Ltd."

*Ordered*,—That the Chairman report to the house the said bill as amended and the recommendation that the title be altered; and also request concurrence of the House in the Committee's recommendation in respect of capital stock charges.

At 11.45 o'clock a.m., the Committee adjourned to the call of the Chair.

Eric H. Jones,  
*Clerk of the Committee.*



## EVIDENCE

MAY 30, 1955.

10.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. We have before us this morning another pipe line bill, No. 376, an Act to authorize Trans-Prairie Pipelines, Ltd., to construct, own and operate an extra-provincial pipe line. This bill originated in the Senate. Mr. Weaver is the sponsor and we have in attendance Mr. J. M. Coyne, counsel for Mr. D. G. Blair who is the parliamentary agent, and Mr. Don R. Brandt of Edmonton who is the president of the Trans-Prairie Pipelines, Ltd. Before calling the sponsor may I have a motion to authorize the printing of the proceedings concerning this bill in the usual quantities? The motion is that the committee print 750 copies in English and 200 copies in French of its minutes, proceedings and evidence with respect to Bill 376.

Mr. Barnett has moved this and it was seconded by Mr. Murphy. Are you all in favour of printing that number of copies of the evidence?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: I now call the preamble. Would Mr. Weaver explain the bill and introduce the parliamentary agents?

Mr. J. M. COYNE (*Counsel for Mr. D. G. Blair*): Mr. Weaver appears to have left for a few moments, Mr. Chairman.

The CHAIRMAN: Then we shall call on Mr. Coyne.

Mr. COYNE: Mr. Chairman and honourable members, we have with us today Mr. Don R. Brandt of Edmonton, the president of Trans-Prairie Pipelines, Ltd., who will be able to explain in outline the plans which this company has. In view of the fact that there has been considerable discussion as to the form of this bill, and also due to the fact that we have prepared amendments which we are proposing to put before the committee to meet the various objections and comments that have been raised, I thought it might be of interest and perhaps of some assistance if I explained very briefly why the bill was first presented in the form in which it is before the committee today.

The reason is mainly that, as hon. members are aware, all the groups that have come before parliament previously, with the possible exception of the Niagara Gas Transmission Limited, have come with really two different purposes in mind. They have required authority to construct extra-provincial pipe lines and have also required corporate charters to give them vehicles which would build and operate their pipe lines. The company which I am representing is the first one which has actually been in the business of operating a pipe line. They have a charter, albeit a provincial one, and they are in fact today operating a pipe line in the province of Manitoba which gathers up most of the oil production in that province and delivers it to the Interprovincial Pipeline for transmission farther east. The terminal of their line is eight miles from the Saskatchewan border, and as hon. members will be aware there have been important discoveries of oil across the border in Saskatchewan. The purpose of this company is to receive authority to construct an extension of their line across the border into Saskatchewan so that they can serve the fields that are being developed there.



The company and their legal advisers, after examining the pipe lines legislation and also all the pipe line bills that have been before parliament previously, including the Niagara Gas Transmission bill which was the last one passed prior to this session, came to the conclusion that in the case of a company already in existence this was the proper form in which to proceed; and this bill went to the Senate on that basis and was passed, and, of course, has come to this House. However, I am instructed to advise the committee, as Mr. Weaver mentioned in the House, that the company is perfectly willing to suggest amendments which would turn this bill into the same sort of bill as the others which have come before. We have in fact prepared amendments, which I understand the clerk of the committee will be distributing, which would have that effect.

Mr. Chairman, I do not know whether you want to go into that first or whether you would like to hear briefly from Mr. Brandt as to the actual plans of this company.

The CHAIRMAN: I think we would like to hear from Mr. Weaver first. I see he has now returned.

Mr. WEAVER: Mr. Chairman and gentlemen. When I left the room we did not have a quorum, and I was endeavouring to ascertain that we had enough here; when I returned you had started.

I think Mr. Coyne gave you an accurate outline of what was in mind when the bill was first presented. As he pointed out, this is the first time that a company actually engaged in the business of collecting oil has had occasion to come down for permission to cross an interprovincial boundary and it was quite the natural procedure to present the request in this form. However, that is not the point. The point is that parliament is interested that all of the pipe line bills go through in the same form, and means have been explored whereby this bill as presented could be changed to go through in the form in which the other bills have gone through. As far as crossing interprovincial boundaries is concerned, you will remember that we have had the same problems arising along the Saskatchewan-Manitoba border before. When provincial boundaries were laid down they did not separate oil fields or mines. The border runs right through the Flin Flon mine and it has been necessary in the past to have declared that that particular mineral development works for the good of Canada so that federal labour laws can apply there. Here is a case where when the fields were first discovered they were discovered in the province of Manitoba, and as they have expanded and circulated out they have crossed the border. It is perfectly natural that the company that has been busy collecting this oil should want to extend its line. This is just a measure of the speed with which oil discoveries are being made in western Canada now. It is just a little over a year ago that these lines were constructed and there was no thought at that time that it would be necessary to extend that line across the border because there were no fields close to it at that time. There is no point in my delaying the committee any longer, and I think you would rather hear from Mr. Brandt at this time.

The CHAIRMAN: Mr. Brandt.

Mr. DON R. BRANDT (*President, Trans-Prairie Pipelines, Ltd.*): Mr. Chairman and honourable members. The Trans-Prairie Pipelines, Ltd. was organized as a Manitoba company on September 1st, 1954. At that time we were handling oil from the Daly field in Manitoba which was then the main producer of oil in Manitoba. We were handling then about 2,500 barrels of oil a day. We are now handling about 10,000 barrels of oil a day. The incident of discovery of oil in Manitoba and in southeastern Saskatchewan is extremely good. The company which we originally foresaw was a Manitoba company, but the discovery of Alida, Frobisher and Midale has changed our thinking and



I believe has changed the thinking of all the major oil companies in the area. It is with a great deal of pleasure that we present our case here and ask for this bill, because Canada, and western Canada in particular, is growing so rapidly in oil that every one of us should be proud of it. We are proud of our company and we hope that we can serve producers efficiently in Saskatchewan as well as in Manitoba. In the operation of our pipe line we feel, with the experience we have in Manitoba, that any oil from Saskatchewan will have to go back into Cromer for efficient handling, and we think we can help with the general oil picture in the area. If there are any questions that I could answer for you, I would be glad to do so at this time, or at any time the chairman or the members suggest.

Mr. HERRIDGE: Mr. Chairman, could the witness just describe to the committee the operations presently being carried on by the company?

Mr. BRANDT: Our company is an agent and is acting as a carrier of oil only. We are acting as an agent for Imperial who are purchasing the oil. We gather the oil for them at the field, transmit it through our pipe lines to the Interprovincial at Cromer, Manitoba and from thence it goes to the markets east.

Mr. HERRIDGE: How many miles?

Mr. BRANDT: We are now operating 27 miles of main line and 33 miles of gathering system.

Mr. CAMPBELL: Would this company interfere with the operations of the S & M Pipelines whose bill we passed last week?

Mr. BRANDT: I think we are both trying to construct the same pipe line. I think S & M Pipelines will want to construct the pipe line we are proposing to construct. We are an independent company, and we would like to construct and operate it ourselves. I believe that the Board of Transport Commissioners will grant a construction permit to the person that they so choose after a hearing on the merits of the various pipeline companies who make application to do the construction.

Mr. CAMPBELL: This is covering the same area?

Mr. BRANDT: Yes sir.

Mr. NICHOLSON: You have already constructed how many miles altogether?

Mr. BRANDT: We have 33 miles of gathering system and 27 miles of main line. We are handling now 10,000 barrels of oil a day, and I think by the end of 1956 we will be handling about 20,000 barrels a day in Manitoba.

Mr. MURPHY (*Westmorland*): I have a question which I should like to ask and perhaps you or Mr. Coyne could answer it. This bill would authorize the provincial company to operate an extra-provincial pipe line. Now, is it the intention by the amendments, rather than to give the power to a provincial company to operate an extra-provincial pipe line, to incorporate a dominion company, and is it the intention to operate your company now as a dominion company and to surrender the charter of the provincial company?

Mr. BRANDT: That has not been determined at this time, but I believe that we would have the present company as a subsidiary of the dominion company if it were formed.

Mr. COYNE: I think I might perhaps amplify that answer. The effect of the proposed amendments which the clerk is now circulating is really to change this bill into a bill incorporating a dominion company by special Act. Just precisely what happens to the existing provincial company I do not know and we will have to determine what the relationship will be, but the effect of these suggested amendments will be to incorporate a dominion company in the same way as the S & M Pipelines bill and the Westspur bill have incorporated dominion companies, and that company will be the one having authority



to apply to the Board of Transport Commissioners for permission to build an extra-provincial line.

Mr. MURPHY (*Westmorland*): This new company, the dominion company, will take over the operation of this pipe line and the construction of this pipe line that the provincial company is now doing, and this company, the Trans-Prairie Pipelines Ltd., is in fact doing what this other company proposes to do; is that correct? You are already in the field. You have already constructed a pipe line and you are carrying out the work that this S & M Pipelines company proposes, so far as you know, to do?

Mr. COYNE: That is correct. I would think that both S & M and ourselves will have applications before the Board of Transport Commissioners and the board, within its jurisdiction, of course, will decide.

Mr. MURPHY (*Westmorland*): But your company is already in the field?

Mr. COYNE: We are in the field in Manitoba. We are operating a pipe line in Manitoba.

Mr. PURDY: May I ask the parliamentary agent about the distribution of the 140,000 shares? Are they mostly held by some of the oil companies?

Mr. COYNE: Mr. Brandt could answer that, I think.

Mr. BRANDT: Our original issue was underwritten by Osler Hammond and Nanton of Winnipeg. The common shares were offered to each of the producers in the areas, and likewise with the preferred, and we have approximately 900 shareholders.

Mr. HERRIDGE: Would you not say, Mr. Brandt, that in effect the objections taken by members of this committee in the House, and the subsequent suggestion that there should be some modifications or changes leading to the acceptance of the amendments proposed, is to the advantage of your company?

Mr. BRANDT: I think that the position will be improved under these new amendments. I can certainly see the reason for the questions which were raised, and I think it is fortunate that it is going to be presented in this manner in the future.

Mr. NICHOLSON: I wonder if you would be good enough to tell us where on the map your present lines are constructed here?

Mr. BRANDT: The field in the upper right-hand corner is the North Virden Roselea field, a field in the area marked T-11, and then in the area marked T-10 is what is termed the Virden Roselea field. Our line gathers oil from those two fields, and the main line runs through to the Daly field. The heavier line is the proposed extension. Cromer is at the point where the heavy line begins. The Interprovincial Pipe Line now has 82,000 barrels capacity in their storage facilities and they store the crude from Virden and Daly. When the proper grade of crude coming from Alberta and Saskatchewan is going through the line, they inject the crude which we gather at this point. The same thing will happen when we gather oil in Saskatchewan; it will be shipped to Cromer and stored there until such time as the proper gravity crude, with the sulphur content and so forth, is available so that it meets the requirements of the refinery at the other end. I think that possibly all you gentlemen know that Interprovincial accepts oil only on tender, and it has to have a destination in the east before they will accept it for shipment.

Mr. HAHN: Where did you say that your main pipe line runs, between which points?

Mr. BRANDT: I can point it out to you if you like (*demonstrating on the map*). We are also at the present time in Manitoba considering, or drawing the blueprints, as a matter of fact, to extend our facilities to a little place called



Woodnorth, which is just a little southeast of Cromer. You can see it on your map. Now that is a discovery which is approximately eight months old.

Mr. HAMILTON (*Notre Dame de Grace*): Mr. Chairman, the witness, a couple of times, has referred to his main line and his branch lines. I wonder if he would like to define for us what he means by his main line. In other words, what would be his definition of main line as against branch line?

Mr. BRANDT: The main line in the case of the present line which we are operating is a 6 $\frac{5}{8}$  inch line, and our gathering or branch lines are 3 $\frac{1}{2}$  inch and 4 $\frac{1}{2}$  inch.

Mr. HAMILTON (*Notre Dame de Grace*): In other words your definition of "main line" is the line of largest diameter?

Mr. BRANDT: Yes.

Mr. HAMILTON (*Notre Dame de Grace*): Thank you.

Mr. BRANDT: Let us say that our main line is running along a road, and there are on both sides of the road tank batteries where our oil is stored. We will gather it from both sides of the road through branch lines and take it down to Cromer, through the main line.

Mr. NICHOLSON: What is the maximum capacity of this main line?

Mr. BRANDT: Our present line?

Mr. NICHOLSON: Yes.

Mr. BRANDT: About 20,000 barrels a day.

Mr. NICHOLSON: And you are running about 10,000?

Mr. BRANDT: Yes, sir. During this year we hope that the minimum production in Manitoba will be about 4 million barrels.

Mr. PURDY: Is there the same distribution of your common shares as there is of your preferred shares?

Mr. BRANDT: Yes, sir. When the issue was originally sold each five preferred shares were bonused with one common share.

Mr. JOHNSTON (*Bow River*): Whereabouts does this S and M Company operate in that field?

Mr. BRANDT: Actually S & M Pipelines is not operating at all—I do not believe so. I think they are making application now for their charter. The directors of the company have farmed out to the Gulf Oil Company the lands in Frobisher which Gulf and Canadian Devonian are currently developing and building.

Mr. JOHNSTON (*Bow River*): But they have not any gathering system at all at the moment?

Mr. BRANDT: No, I do not think they even have a charter until it goes through in their bill.

Mr. NICHOLSON: What has been the difference in the cost of transportation since you came into operation last year in the field you now serve? How was this transported?

Mr. BRANDT: It was being transported previously by tank truck.

Mr. NICHOLSON: What has been the difference in the cost?

Mr. BRANDT: That of course would be an answer to be given by the producer, but I would say on the average we are about 5 cents a barrel cheaper in transportation, plus the fact that we do not have the losses. You see, we buy the oil in the field at the tank battery. A tank truck will deliver it down to Cromer and then if there is a loss in the interim, the producer has to stand it, unless he can collect it from the tanker, which is a pretty hard thing to do. We do not have the field shut down because of road bans. That has been a



terrific problem in Manitoba and in all new oil development areas roads have been a very, very serious problem. In Manitoba we had the road ban on for, I think, about five and a half weeks where no trucks at all could haul oil, so consequently you would just shut your field in and that was all.

Mr. CAMPBELL: Besides the damage that they do to the roads when they are on them.

Mr. BRANDT: It is a problem that each municipality has to face.

Mr. CAMPBELL: I have seen it in other fields, where you just cannot keep up the roads.

Mr. BRANDT: It is impossible, and of course that makes everybody unhappy when they cannot sell their oil.

Mr. NICHOLSON: What is the distance of this proposed extension?

Mr. BRANDT: Approximately 110 miles. There again I believe that from time to time you will find they will cross the Saskatchewan-Manitoba border to join this main line because of fields that are not even shown on that map. Within the next ten or twenty years there are going to be a lot of new fields in Manitoba and Saskatchewan.

The CHAIRMAN: Are there any further questions, or shall we take up the first amendment? Perhaps the clerk will read it.

The CLERK: On the preamble, to amend the preamble by adding immediately after the words "Trans-Prairie Pipelines, Ltd." a comma, and the words "a company incorporated under the laws of the province of Manitoba."

The CHAIRMAN: You have heard this amendment. All those in favour? Those against?

Carried.

Shall the preamble carry as amended?

Carried.

Second amendment?

The CLERK: To delete Clause 1 and substitute the following: New clauses 1, 2, 3 and 4. . . .

The CHAIRMAN: Is it necessary for the clerk to read all of that?

Mr. HERRIDGE: No; we all have copies.

*(For detail of amendments see this day's Minutes of Proceedings.)*

The CHAIRMAN: Does the new clause 1 carry?

Carried.

New clause 2?

Carried.

Now we come to new clause 3, the capital stock of the company.

The CLERK: Mr. Chairman, the following declaration has been submitted by Mr. Brandt, the president of the company, on behalf of the promoters in regard to the common share portion of the capital stock set out in the proposed new clause 3(1). I should explain—for the purposes of parliament levying the necessary charges on the capital stock in the case of the preferred stock its par value is set in the amendment so that it requires nothing further than to be calculated, but in the case of the common stock, as has been done on the last few pipe line bills where there is no par value stock a declaration is required. The declaration reads:

I, DON RAPHAEL BRANDT, Executive, of the city of Edmonton,  
in the province of Alberta,



## DO SOLEMNLY DECLARE:

1. That I am one of the persons mentioned in Section 1 of a private Bill to incorporate TRANS-PRAIRIE PIPELINES OF CANADA, LTD., namely, Bill U-12 of The Senate of Canada and Bill Number 376 of the House of Commons.

2. That Section 3 of the said Bill provides that the capital stock of the Company shall consist in part of 500,000 common shares without nominal or par value.

3. That the said 500,000 common shares are to be issued for a consideration not to exceed in the aggregate \$1,500,000.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the City of  
Ottawa in the province of Ontario this  
30th day of May, 1955.

(Sgd.) J. M. COYNE,

*A Commissioner.*

(Sgd.) DON R. BRANDT.

The CHAIRMAN: A motion is required in this regard to enable the capital stock charges to be levied on the no par value stock, and the motion is as follows:

That for the purpose of levying a charge on the portion of the capital stock consisting of five hundred thousand common shares without nominal or par value under the provisions of Standing Order 93(3), the committee recommend that the said charge be levied on an amount of \$1,500,000.

Moved by Mr. Purdy and seconded by Mr. Herridge. All those in favour signify by saying aye. To the contrary, if any?

Carried.

Mr. HAHN: Before we go any further, is it understood that these amendments will be entered in the records? We have not heard them read. There is no indication of what we are passing in this record.

The CHAIRMAN: Yes, it will all be in the record. You will have a copy of it.

Mr. HAHN: This has been decided, has it? I did not hear any suggestion made to the committee that it should be.

Mr. HERRIDGE: It was suggested that they be taken as read in regard to each item, and the members will have a copy.

The CHAIRMAN: Yes.

The CLERK: Then new clause 3, subclause (2):

The company may by by-law from time to time . . .

Carried.

The CHAIRMAN: And clause 3, subclause (3), beginning "Except to the extent . . ."

Carried.

Mr. HAHN: Mr. Chairman, I take exception to rushing through this bill and people over there saying "Carried." I do not believe they have had time to read it.

Mr. HERRIDGE: Mr. Chairman, we have read dozens of these bills before. These are in the same form as the other bills.



Mr. HAHN: They may be, but there may be certain parts of them which are different.

Mr. MURPHY (*Westmorland*): We can manage to read them over here. Perhaps you cannot, but we can.

The CHAIRMAN: Do members wish to take them as read?

Mr. HERRIDGE: It is not necessary to go through them in detail, but we would like to have a little opportunity of reading them.

The CHAIRMAN: You have had them for some time.

Mr. HAHN: Yes, but we have had something else to listen to.

The CHAIRMAN: Well, they are all in front of you there.

Mr. HAHN: Just on a point of information, Mr. Chairman; this may be the same form, but does it compare specifically in the wording with these others? I am quite ready to go ahead and give the O.K. if they are in exactly the same wording as the others, but that has not been stated.

Mr. COYNE: Mr. Chairman, I should say that these amendments are designed to put this in almost exactly the same form as the S & M Pipelines bill, which is the nearest one to it. I should point out that there are some differences in wording, but not in substance. With regard to the capitalization provisions, for one thing we are asking for a slightly different number of shares of a preferred nature, and also there are some differences in wording. We have left out a subclause I think which was in the S & M bill because we did not feel it would be necessary for our company to have it in.

Mr. HAHN: Could you tell us which one that is?

Mr. COYNE: If we start at proposed new clause 3, subclause (2), S & M Pipelines bill provided for the creation of classes of preferred shares. Now, we have provided for the issue of the preferred shares in one or more series. That is largely a draftsman's choice, I would say. The effect is virtually the same but we preferred it in this wording because the solicitors to the company felt it was more workable. The S & M bill then had another subclause that said that the directors might by resolution prescribe within the limits set forth in any by-law passed in subsection (2) the terms of issue and the precise preferences, privileges, etc. Now in our view that is unnecessary for us because the directors under the general clauses in the Companies Act have the power to allot the shares, and the actual preferences and restrictions which will attach to these preferred shares will be fixed by the by-law under subsection (2); so we left that out of our bill.

The next subclause, which is (3), again involves some change in wording but the substance of the clause is to provide that no change shall be made affecting the rights and privileges of any holders of issued preferred shares without the sanction of at least a two-thirds vote of those shareholders. Now, that is a normal sort of provision for the protection of holders of issued preferred shares. In the S & M bill they worded it somewhat differently, and in addition to that provision they also said that the holders of preferred shares would have the right to attend and vote at general meetings on any question directly affecting any of the rights or privileges attached to such class of preferred shares. Now, for two reasons we left that out. In the first place, in our opinion the words "directly affecting any of the rights of the preferred shareholders" are words which merely invite litigation. It is extremely difficult to tell what questions would directly affect those rights, and consequently we have provided that these preferred shareholders will themselves have a meeting and vote on any changes in their rights. Therefore it seems unnecessary and indeed unfair to let them also vote with the other shareholders on the same question. But in my submission the substantial part of that section is the provision which says that no changes can be made without those changes being



sanctioned by at least two-thirds of the shareholders affected, and that remains the principal part of that section, as it was in the S & M bill.

The CHAIRMAN: All the amendments down to subclause (3) inclusive are carried?

Carried.

Now subclause (4).

Mr. COYNE: Subclause (4) says:

"Ownership of preferred shares shall not qualify any person to be a director of the company."

That is exactly the same as in the S & M bill.

The CHAIRMAN: Is subclause (4) agreed?

Carried.

Mr. COYNE: Proposed new clause 4 is exactly a replica of all the other bills, except that our head office is in Winnipeg.

The CHAIRMAN: Is clause 4 carried?

Carried.

Shall the original clause 1 as amended carry?

Agreed.

Now on original clause 2 to renumber clause 2 as clause 5; is that amendment agreed?

Carried.

Shall clause 2 as amended carry?

Agreed.

Now, the proposed new clauses 6 to 11 inclusive:

Add, immediately following clause 5 as renumbered, the following:—

Mr. COYNE: Now, Mr. Chairman, I might say there that here again—and this is the important portion of the bill—we have followed precisely the wording in the S & M bill as amended, that is, we have included in clause 6(a), commencing in the third line on page 3 of this mimeographed sheet, "provided that the main pipe line or lines for the transmission and transportation of gas and other gaseous hydrocarbons shall be located entirely within Canada." I understand that that is the amendment that was made in the S & M bill.

Mr. HERRIDGE: That is the one we were looking for.

Mr. COYNE: Yes. I think that is exactly the wording in the S & M bill recently.

Mr. HERRIDGE: That is already included in here.

Mr. COYNE: It is not quite exactly the same in wording but it certainly is in effect. Just to make sure that members have it correctly, the amendment in the case of the S & M bill was "provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons," and we have said "for the transmission and transportation of gas and other gaseous hydrocarbons"—"shall be located entirely within Canada."

The CHAIRMAN: Shall new clause 6 carry?

Carried.

The CHAIRMAN: New clause 7?

Mr. COYNE: Proposed clause 7 is exactly the same except that S & M have made one section of part I of the Companies Act apply which we do



not think applies to our company. It is section 59; so we have left that out. Apart from that, it is identical.

The CHAIRMAN: Shall new clause 7 carry?

Carried.

New clause 8?

Mr. COYNE: Proposed clause 8 is identical.

The CHAIRMAN: Shall new clause 8 carry?

Carried.

New clause 9?

Mr. COYNE: Proposed clause 9 is identical.

The CHAIRMAN: Shall new clause 9 carry?

Carried.

Do you want to go over clause 9 in the different sections?

Mr. HERRIDGE: We understand that it is identical.

The CHAIRMAN: Then it is carried.

New clause 10?

Mr. COYNE: Proposed clause 10 is identical, except in the second line we have added the words "by this Act"—

"The redemption or purchase for cancellation of any fully paid preferred shares created by this Act or by by-law . . ."

Technically I would say that the preferred shares of this company are created *by this Act*.

The CHAIRMAN: Shall new clause 10 carry?

Carried.

New clause 11?

Carried.

Mr. COYNE: Proposed clause 11 is identical.

Shall the bill carry as amended?

Mr. GREEN: I think you did not carry the change in the title. That is contained in paragraph 1 of the amendments.

Dr. OLLIVIER: That has to be done in the House. You just recommend a change in the title. You do not make the amendment here. You recommend it to the House. It is amended on the motion for final passage.

Mr. GREEN: There is a change in the title. Are we to change it here or recommend to the House that it be changed?

Dr. OLLIVIER: That is it! You will also have to draw the attention of the House to the fact that the amendments made to this bill were not contemplated in the petition or the notice. I think that will all be done in the House.

Mr. GREEN: It will be.

Dr. OLLIVIER: You will have to draw to the attention of the House that the amendments were not contemplated in the petition or the notice.

Mr. HAHN: Before the bill carries, I would like to voice some objection. I suggest that we ask all the pipe line companies, or proposed pipe line companies to follow a prescribed form if at all possible, similar to what we have now outlined.

I can understand the purpose of these gentlemen, coming before us in the way they did and in proposing the bill which they had originally drafted. I can see the reason for it now, but I do not feel satisfied with the bill as



amended, because I do not think that so many amendments as we have here now can be properly acted upon in a very short time. I am not at all suggesting for one moment that this committee has not done a good job on this bill; but I do suggest that it would be much better if a routine method was followed in drafting bills so that we would become more and more familiar with them and would know exactly what we are looking for at all times.

There have been certain clauses of bills which have come before us up to now over which there has been a great deal of discussion. But instead of trying to accept the amendments, as we have done here, and proposing them to the House, we should have an opportunity to discuss them before they go out in the form of a bill for third reading in the House. I would feel better about it if they were presented to the committee in a proper way to begin with, or in a form which we might suggest, so that we might give them a more thorough study.

The CHAIRMAN: Are you not satisfied with the way this bill has gone through the committee?

Mr. HAHN: Yes, with the understanding or explanation which Mr. Coyne has given us with respect to the various clauses which are amended.

The CHAIRMAN: Well, if there are any complaints which you want to make, now is the time for you to make them.

Mr. GREEN: The difficulty in following any other course would have been that these applicants could not get a regular charter through at this session, and the work would be delayed for a year. They have been very co-operative, I think, in coming here and making all these changes in their bill. After all, it is now in the same form as other bills and so meets the objections raised in the House. I think they really deserve credit for taking the steps they have taken. The bill as now amended is practically the same as all the other charters which have gone through the House in recent years. I think if there was a mistake, it was an innocent one, with obviously no intent on the part of the applicants to misrepresent the situation or to deceive the committee or the House.

Mr. JOHNSTON (*Bow River*): I do not think that was the intention of what Mr. Hahn said. What he said in effect was this: here you have Bill U-12 from the Senate. It has only three small paragraphs, yet you have amended it with a considerable number of amendments. I think there is some logic in what he said, and I agree with it. I am not suggesting for a moment that the sponsors of the bill were negligent in any respect. Probably they did it with the best of intentions; but it does seem to me that a little more attention exercised when the bill was drafted would not have caused these amendments to be attached to it.

Mr. GREEN: The fault is really not theirs at all.

Mr. JOHNSTON (*Bow River*): I am not suggesting that it was.

Mr. GREEN: At the last session, this House passed a bill for the Niagara Gas Transmission Company which was in the form in which this bill originally was presented to the Senate. I complained in the House about the terms of that bill, but that company was part of the picture and was tied in with Tennessee Gas and the Trans-Canada Pipe Line. It was part of the big picture and nobody thought very much about the form of the bill. These applicants merely came along and saw the bill which had gone through the House last year and they adopted the same form. That is how Mr. Coyne explained it. That is why they brought it in in that form originally.

Mr. HERRIDGE: I would support Mr. Green in what he has just said. I think he has explained it very clearly. We raised certain objections to this bill because it was in a different form to the bills we had been passing.



I think the applicants are to be commended for going to the trouble of suggesting the amendments to this committee which, in substance, make the bill the very same type of bill we have been dealing with in pipe lines over the last five years.

Mr. HAHN: By inference it has been suggested that I took exception to the way this drafting was done. I did no such thing. I said that I understood what Mr. Coyne had explained as the reasons for his coming here with the bill in its original form. What I am doing is condemning this committee for not suggesting either to the Senate or the House, or to whoever might find it necessary to draft such bills, that the bills should come here in a regular form so that we may know exactly what we are looking for, and thereby expedite the work of this committee. I feel satisfied that the amendments, as Mr. Coyne has explained, are all in order. I have taken no exception to them in the committee. But I do not feel that we can continue doing this type of work unless we have an outline provided which they can follow. Therefore my suggestion is that this committee go on record and propose to those who want to draft bills of this type, acquainting them with the methods which we prefer in the way of drafting. As far as the Niagara Gas Transmission Company was concerned, Mr. Green did raise objection at that time, but he explained that it was brought in for whole sections of the thing, so we took it for granted as something which we should not have done. But this is the proper time and I am raising my objection to carrying on in this fashion, if we can possibly change it.

The CHAIRMAN: Shall the bill carry as amended?

Carried.

Shall I report the bill as amended, and the recommendation to the House, in accordance with the motion regarding capital stock charges?

Mr. GREEN: You will also have to have a recommendation on the alteration of the title.

Dr. OLLIVIER: And also draw to the attention of the House that you have gone further than the petition, and that the amendments made to the bill were not contemplated either in the petition or the notice.

The CHAIRMAN: My final question is as follows:

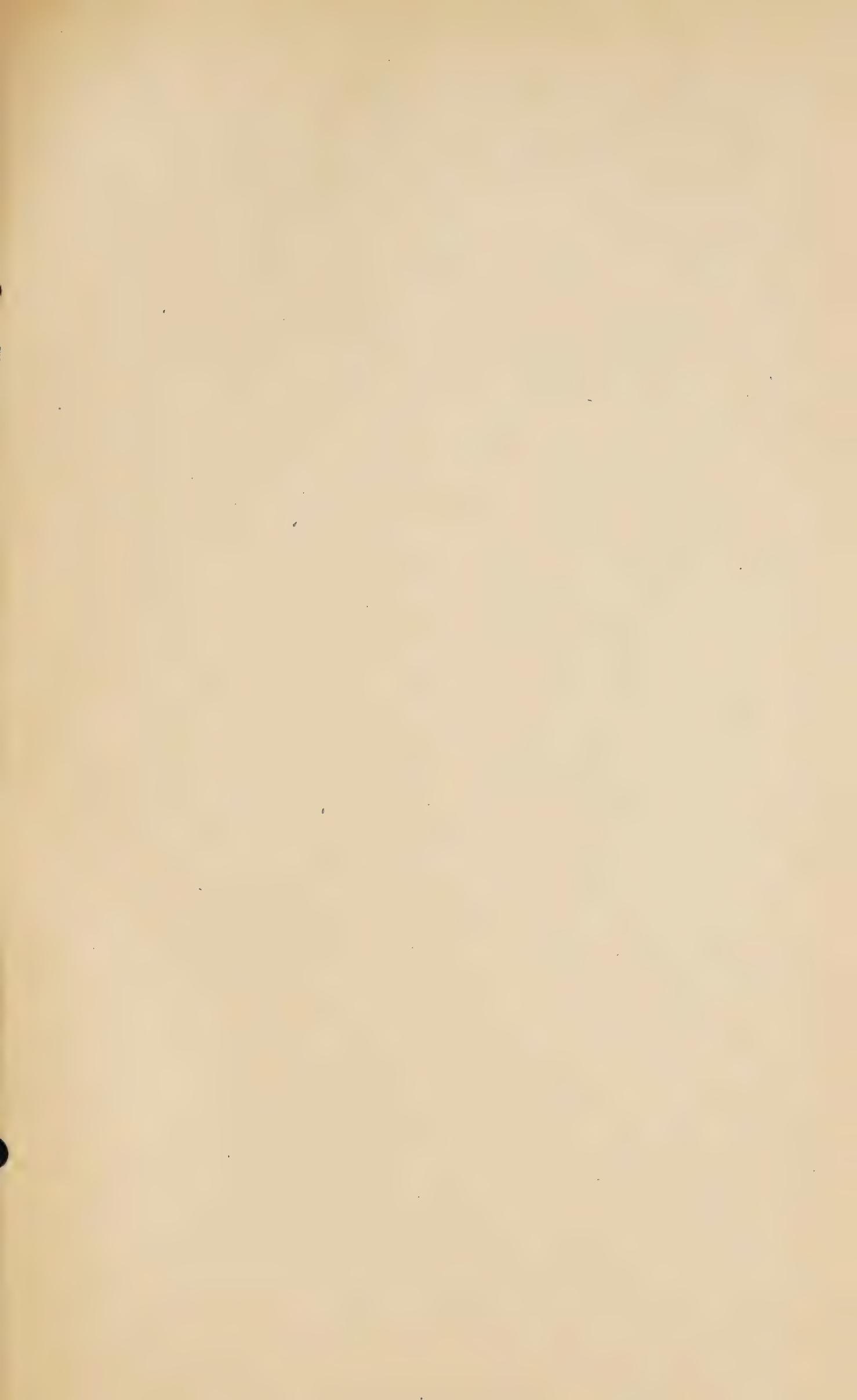
Shall I report the bill to the House, as amended, and the recommendations in accordance with the motions regarding capital stock charges and the alteration of the title of the bill to "An Act to incorporate Trans-Prairie Pipelines of Canada, Ltd."; and also drawing attention that the amendments to the bill were not contemplated either in the petition or the notice?

Is that agreed?

Agreed.

The meeting is adjourned to the call of the chair.



























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HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

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STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND  
TELEGRAPH LINES

*Chairman:* H. B. McCULLOCH, ESQ.

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

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Bill No. 374 (Letter X-11 of the Senate) An Act to incorporate Petroleum  
Transmission Company.

Bill No. 375 (Letter X-12 of the Senate) An Act to incorporate Yukon  
Pipelines Limited.

Bill No. 378 (Letter W-11 of the Senate) An Act to incorporate S & M  
Pipeline Limited.

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TUESDAY, MAY 24, 1955

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WITNESSES:

Mr. R. C. Merriam, Barrister-at-Law and Mr. D. A. McIlraith, Q.C.,  
Parliamentary Agent, both of Ottawa; and Mr. R. A. Cruickshank,  
General Manager, Canadian Devonian Petroleums Limited, of Regina.

STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,  
and  
Messrs.

Barnett	Goode	Lavigne
Batten	Gourd ( <i>Chapleau</i> )	Leboe
Bonnier	Green	McIvor
Boucher ( <i>Chateauguay- Huntingdon-Laprairie</i> )	Habel	Meunier
Buchanan	Hahn	Montgomery
Byrne	Hamilton ( <i>Notre-Dame- de-Grace</i> )	Murphy ( <i>Lambton West</i> )
Campbell	Hamilton ( <i>York-West</i> )	Murphy ( <i>Westmorland</i> )
Carrick	Harrison	Nesbitt
Carter	Healy	Nicholson
Cauchon	Herridge	Nickle
Cavers	Hodgson	Nixon
Clark	Holowach	Nowlan
Decore	Hosking	Purdy
Deschatelets	Howe ( <i>Wellington- Huron</i> )	Ross
Dupuis	James	Small
Ellis	Johnston ( <i>Bow River</i> )	Stanton
Follwell	Kickham	Viau
Gagnon	Lafontaine	Villeneuve
Gauthier ( <i>Lac-Saint- Jean</i> )	Langlois ( <i>Gaspe</i> )	Vincent
		Weselak

Eric H. Jones,  
Clerk of the Committee.



## ORDERS OF REFERENCE

HOUSE OF COMMONS,  
FRIDAY, May 20, 1955.

*Ordered*,—That the following Bills be referred to the said Committee:

Bill No. 374 (Letter X-11 of the Senate), intituled: "An Act to incorporate Petroleum Transmission Company".

Bill No. 375 (Letter X-12 of the Senate), intituled: "An Act to incorporate Yukon Pipelines Limited".

Bill No. 378 (Letter W-11 of the Senate), intituled: "An Act to incorporate S & M Pipeline Limited".

WEDNESDAY, May 25, 1955.

*Ordered*,—That the name of Mr. Fulton be substituted for that of Mr. Hodgson on the said Committee.

*Attest*

Leon J. Raymond,  
Clerk of the House.

## REPORTS TO THE HOUSE

MONDAY, May 16, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

## NINTH REPORT

Your Committee has considered Bill No. 283 (Letter N-9 of the Senate) intituled: "An Act to incorporate Westspur Pipe Line Company", and has agreed to report it without amendment.

Clause three of Bill No. 283 provides for capital stock consisting of two million shares without nominal or par value. Your Committee recommends that for taxing purposes under Standing Order 93 (3) each share be deemed to have a value of Ten Dollars.

A copy of the evidence adduced in respect of the said Bill is appended. All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

WEDNESDAY, May 25, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

## TENTH REPORT

Your Committee has considered Bill No. 374 (Letter X-11 of the Senate) intituled: "An Act to incorporate Petroleum Transmission Company", and has agreed to report it without amendment.

Your Committee has also considered Bill No. 375 (Letter X-12 of the Senate) intituled: "An Act to incorporate Yukon Pipelines Limited", and has agreed to report it with an amendment, namely:

*Clause 6, paragraph (a)*

Page 2, line 31, after the words "pipe lines" insert the following:

provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada.

Clause 3 of Bill No. 375 provides for capital stock consisting of one million shares without nominal or par value. Your Committee recommends that for taxing purposes under Standing Order 93 (3) each share be deemed to have a value of Five Dollars.

Your Committee has also considered Bill No. 378 (Letter W-11 of the Senate) intituled: "An Act to incorporate S & M Pipeline Limited", and has agreed to report it with an amendment, namely:

*Clause 6, paragraph (a)*

Page 3, line 23, after the words "pipe lines" insert the following:

provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada.



Clause 3 of Bill No. 378 provides for capital stock consisting, in part, of one million shares without nominal or par value. Your Committee recommends that for taxing purposes under Standing Order 93 (3) each such share be deemed to have a value of Two Dollars.

A copy of the evidence adduced in respect of the said three bills is appended.

All of which is respectfully submitted.

HENRY A. HOSKING,  
*Acting Chairman.*





## MINUTES OF PROCEEDINGS

TUESDAY, May 24, 1955

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock a.m. this day.

*Members present:* Messrs. Barnett, Batten, Boucher (*Chateauguay-Huntingdon-Laprairie*), Byrne, Campbell, Carter, Deschatelets, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*Notre-Dame-de-Grace*), Hamilton (*York West*), Harrison, Holowach, Hosking, Howe (*Wellington-Huron*), Lafontaine, Lavigne, Leboe, McIvor, Murphy (*Lambton West*), Murphy (*Westmorland*), Nesbitt, Nicholson, Nickle, Nowlan and Purdy.

*In attendance:* Mr. F. T. Fairey, M.P., Sponsor of Bill No. 374; Mr. G. J. McIlraith, M.P., Sponsor of Bills Nos. 375 and 378; Mr. R. C. Merriam, Counsel, on behalf of Mr. D. K. MacTavish, Q.C., Parliamentary Agent; Mr. D. A. McIlraith, Q.C., Parliamentary Agent; Mr. C. J. Rogers, President, British Columbia-Yukon Railway Company, of Vancouver; and Mr. R. A. Cruickshank, General Manager, Canadian Devonian Petroleums Limited, of Regina.

The Clerk of the Committee stated that the Chairman and the Vice-Chairman were unavoidably absent, whereupon, on motion of Mr. Habel, it was resolved that Mr. Hosking be Acting Chairman of the meeting. Mr. Hosking took the Chair.

On motion of Mr. McIvor,

*Resolved,*—That the Committee print 750 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in respect of the three bills on the Orders of the Day, namely, Bills Nos. 374, 375 and 378.

The Committee proceeded to consider Bill No. 374 (Letter X-11 of the Senate) intituled: "An Act to incorporate Petroleum Transmission Company".

Mr. Fairey, Sponsor, explained the purpose of the bill and answered questions thereon.

Mr. Merriam was called, questioned and retired.

The Committee considered the bill, clause by clause. The preamble and clauses 1 to 5 inclusive were adopted.

*On Clause 6:*

Moved by Mr. Green, seconded by Mr. Hahn,

That clause 6, paragraph (a), be amended by inserting, after the words "and in" in line 20 of page 2, the following:

"the Yukon and".

Following debate the amendment was resolved in the negative on a division of Yeas: 11, Nays: 12.

Clauses 6 to 11 inclusive and the title were adopted; the bill was carried.

*Ordered,*—That the Chairman report the said bill to the House without amendment.

The Committee then considered Bill No. 375 (Letter X-12 of the Senate) intituled: "An Act to incorporate Yukon Pipelines Limited".

Mr. G. J. McIlraith, Sponsor, explained the purpose of the bill and answered questions thereon.

On clause by clause consideration of the bill, the preamble and clauses 1 and 2 were adopted.

*On Clause 3:*

A declaration on behalf of the promoters was submitted to the effect that one million shares without nominal or par value are to be issued for a consideration not to exceed in the aggregate \$5,000,000.

On motion of Mr. Byrne,

*Resolved*,—That the purpose of levying a charge on the capital stock under the provisions of Standing Order 93 (3), the Committee recommend that the said charge be based on a total capitalization of \$5,000,000.

*On Clause 6:*

Mr. D. A. McIlraith, Q.C., was called; he stated that the promoters of the bill consent to a limitation to the bill requiring the main pipe line or lines to be located entirely within Canada.

Following debate, on motion of Mr. Habel,

*Resolved*,—That Clause 6, paragraph (a), be amended by inserting, after the words "pipe lines" in line 31 of page 2, the following:

Provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada.

Clause 6, as amended, was adopted; clauses 7 to 11 inclusive and the title were adopted; the bill, as amended, was carried.

*Ordered*,—That the Chairman report the said bill to the House as amended, and request concurrence of the House in the Committee's recommendation in respect of capital stock charges.

The Committee then considered Bill No. 378 (Letter W-11 of the Senate) intituled: "An Act to incorporate S & M Pipeline Limited".

Mr. G. J. McIlraith, Sponsor, explained the purpose of the bill. Mr. Cruickshank and Mr. D. A. McIlraith answered questions.

On clause by clause consideration of the bill the preamble and clauses 1 and 2 were adopted.

*On Clause 3:*

A declaration on behalf of the promoters was submitted to the effect that the portion of the capital stock consisting of one million shares without nominal or par value is to be issued for a consideration not to exceed in the aggregate \$2,000,000.

On motion of Mr. Habel,

*Resolved*,—That for the purpose of levying a charge on the portion of the capital stock consisting of one million shares without nominal or par value under the provisions of Standing Order 93 (3), the Committee recommend that the said charge be levied on an amount of \$2,000,000.

Clauses 3, 4 and 5 were adopted.



*On Clause 6:*

Mr. D. A. McIlraith, Q.C., stated that the promoters of the bill consent to a limitation to the bill requiring the main pipe line or lines to be located entirely within Canada.

Following debate, on motion of Mr. Habel,

*Resolved*,—That clause 6, paragraph (a), be amended by inserting after the words “pipe lines” in line 23 of page 3, the following:

provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada.

Clause 6, as amended, was adopted; clauses 7 to 11 inclusive and the title were adopted; the bill, as amended, was carried.

*Ordered*,—That the Chairman report the said bill to the House, as amended, and request concurrence of the House in the Committee’s recommendation in respect of capital stock charges.

At 12.30 o’clock p.m., the Committee adjourned to the call of the Chair.

Eric H. Jones,  
*Clerk of the Committee.*





## EVIDENCE

TUESDAY, May 24, 1955,  
11.00 a.m.

The CLERK OF THE COMMITTEE: Gentlemen, I see a quorum. Due to the unavoidable absence of both the Chairman and the Vice-Chairman I am open for nominations of an Acting Chairman.

Mr. HABEL: I move that Mr. Hosking be Acting Chairman of the meeting.

Mr. McIVOR: I second the motion.

The CLERK OF THE COMMITTEE: If there are no further motions I will declare nominations closed. Agreed? Agreed.

The CLERK OF THE COMMITTEE: I declare Mr. Hosking elected Acting Chairman, Mr. Hosking, will you take the Chair?

The ACTING CHAIRMAN (*Mr. H. A. Hosking*): Gentlemen, we have before us three bills to authorize charters of pipe line companies. My first request is that someone would move that we print the minutes in English and in French in the requisite quantities.

Mr. McIVOR: Mr. Chairman, I move seconded by Mr. Green, that the committee print 750 copies in English and 200 copies in French of its minutes of proceedings and evidence in respect of the three bills on the orders of the day, namely, bills nos. 374, 375 and 378.

The ACTING CHAIRMAN: You have heard the motion. Agreed?

Carried.

The first bill is Bill No. 374 (letter X-11 of the Senate) intituled: "An Act to incorporate Petroleum Transmission Company".

As sponsor of this bill Mr. Fairey do you wish to explain the bill at this time?

Mr. FAIREY: Yes, Mr. Chairman. This is a bill to incorporate the Petroleum Transmission Company. It is a subsidiary of the Pacific Pipe Line and they are asking for a charter to build a pipe line which really is a grid system to collect the products of the wells which have been developed in northern British Columbia and Northern Alberta. It is the purpose of the company to build what is commonly called a grid for the collection of the products and they are then to be taken to a regular transmission line. As I understand, the development of the country seems to be moving more to the northwest and therefore it is possible that they may expand into the Yukon and into Alaska. While the company has no immediate intention of building a transmission line as such yet, they are seeking power to do so because the development is becoming very rapid and it may be necessary in the future. I think that is about all I have to say, Mr. Chairman, unless there are questions to be answered.

The ACTING CHAIRMAN: Would you introduce the parliamentary agent, please?

Mr. GREEN: What will the relationship be between this company and the West Coast Transmission Limited?

Mr. FAIREY: Well, they will sell their products to West Coast Transmission Limited, which will service Vancouver, as you know, and the northwestern states. It is the product of these wells which will go into West Coast Transmission and so down to the Vancouver area and interior British Columbia.

Mr. GREEN: The applicants for this charter are the same people as are behind West Coast Transmission?

Mr. FAIREY: Yes, that is right, and Pacific Petroleum.

Mr. NESBITT: What is the basis of the operation—will it be on a royalty basis?

Mr. FAIREY: That I cannot say. Perhaps Mr. Merriam could answer that question.

**Mr. R. C. Merriam, Counsel for Mr. D. K. MacTavish, Q.C., Parliamentary Agent, called:**

The WITNESS: Mr. Chairman, I do not think the answer can be given. The long-range plans have not yet got down to the point where they have considered that. It might very well be on a royalty basis. It could be on a straight sale basis.

*By Mr. Hahn:*

Q. Well, as I understand it, you are collecting or intending to collect all the gas in the northwest and sell it to West Coast Transmission, or is this a subsidiary firm of West Coast Transmission?—A. The legal relationship there, sir, is that Pacific Petroleum is in fact the parent company. Now Petroleum Transmission will be a subsidiary of Pacific Petroleum. West Coast Transmission will be a publicly owned company in which Pacific Petroleum is very keenly interested. So there will be a rather neat tie-up there, but just how the picture is eventually going to work out as between this proposed incorporation and West Coast Transmission and Pacific Petroleum is something which apparently has not yet been thought out to its logical conclusion.

The picture at the moment, gentlemen, is simply that, due to the last explorations which Mr. Fairey has referred to, and to the considerable amount of money that has been spent by Pacific Petroleum in northern Alberta and British Columbia primarily in connection with the exploration for gas for the West Coast line, they have found in addition oil, and a lot of the gas is wet gas. Now, that entails withdrawing out of the wet gas by-products—such as natural gas, butane, propane—because wet gas cannot be transported in the same line at the same time as dry gas; so the company is going to find itself one day, unless the West Coast line can be operated, with a number of by-products which it would be uneconomical from the point of view of the company to ignore—this would be a terrific waste of the country's natural resources just to throw them away. Obviously there must be some complementary scheme to bring these by-products to market.

Now, it is all part of the problem of wells that are being located by Pacific Petroleum; in other words, they own it from the beginning but they cannot in one system take out these by-products, butane, gas and propane, so they have to go through another grid system.

There are two possibilities as to how it is going to work out in the long run and, as I say, this has not been finalized yet. They might—and this is the reason they are asking for the power—they think they might want to build a line either to the west coast, or go east, or even north because the site of these mines is in the northern part of Alberta and British Columbia, and if they took it west they might bring it down to Vancouver or down to Prince Rupert. If they bring it east from British Columbia they must go across the inter-provincial border, and if they bring it west from northern Alberta they must go across the inter-provincial border. So you might go east, west or north with the transmission line. Alternatively, they might, for example, have



simply a means of bringing these products into the line already constructed by, say, Transmountain, going west, or possibly Trans-Canada, going east, to bring these products down to those transmission lines, in which case it would be strictly a grid system. And the third alternative, of course, is even more a grid system—to bring it in to the West Coast Transmission system.

Q. It is for the purpose of separation of the oil that it may be put through Transmountain?—A. It might be that that is the best scheme to work out.

Q. There is no arrangement on that yet?—A. No, there is no arrangement between anybody as yet. It is merely that the promoters have foreseen that these products are going to be available in the not too distant future, and what they are asking permission to do now is to provide the means for handling them by some method to be determined in the future, when that may arise.

*By Mr. Nesbitt:*

Q. Mr. Merriam, do you see any conflict between clause 9, clause (1), and clause 11?—A. No, I do not think there is any conflict there. Is it clause 10 you are referring to?

Q. No, clause 9 (1) and clause 11. It would seem there is some conflict.—A. I don't think there is a conflict in this sense, that clause 9 is referring to a particular specific class of individual, namely, the shareholders of the company. Clause 11...

Q. It says in clause 11, "The company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe..."—A. I think that is more particularly directed at marketing one's securities and allowing a commission to be paid to the broker; those provisions are contained in all pipe line applications. This follows precisely the same form as other bills.

Q. One further question: clause 6, subclause (b), a rather lengthy part, speaks of the power to purchase, hold, lease and so on, on previously constructed communities. What is the long-term view of the company in having that particular subclause in?—A. I think I am fair in saying, sir, that so far as this particular company is concerned it has no long-term view in relation to that subclause specifically. That again has become what is common and standard practice in pipe line applications or bills, and it was just inserted in this one as a matter of course. It is conceivable, of course, that many of those powers are absolutely essential to the building of a pipe line.

Q. I refer more specifically, of course, to clause 6, clause (b), where it says:

...deal in any property, real or personal, moveable or immovable, or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon...

And so forth.—A. I don't think that has any specific application to this pipe line as opposed to any other pipe line. I don't know the history of the pipe line applications before parliament in sufficient detail to know why that was inserted in the original.

Mr. FAIREY: This might relate to the future, though.

*By Mr. Hamilton (York West):*

Q. I assume you may be building in isolated places?—A. Yes. I would hazard a guess—it is the incorporator's practice to ask for broad powers.

Q. Clause 11 is in keeping with the powers one gets under our official Companies Act?

Mr. FAIREY: Yes, and it is a standard thing in all these affairs, Mr. Hamilton.

The ACTING CHAIRMAN: Are there any more questions?

Mr. GREEN: Perhaps we can go on to the clauses.

The Acting CHAIRMAN: Shall the preamble carry?

Carried

Shall clause 1 carry?

Carried

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of gas and oil or any liquid or gaseous products or by-products thereof which is enacted by Parliament, may

- (a) In the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the North West Territories and outside Canada, construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of natural and artificial gas and oil or any liquid or gaseous products or by-products thereof, including pumping stations, terminals, storage tanks or reservoirs and all relative thereto for use in connection with the said pipe lines, provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada; and buy or otherwise acquire, transmit, transport and sell, or otherwise dispose of and distribute natural and artificial gas and oil and any liquid or gaseous products or by-products thereof; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems, and, subject to the *Radio Act*, and any other statute relating to radio, own, lease, operate and maintain inter-station radio communication facilities;
- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in any property, real or personal, moveable or immoveable, or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for



residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and

- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection (1) of section 14 of the *Companies Act*.

*By Mr. Green:*

Mr. Chairman, there are two things about clause 6. First of all, I notice the applicants have included a proviso about the middle of paragraph (a) of that clause:

"...provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada;"

With that, of course, I am heartily in accord, but Mr. Fairey, in explaining the bill, mentioned the Yukon; yet I see they are only asking for the power in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories.—A. "And outside Canada?"

Q. Well, the Yukon is in Canada yet, and apparently you are getting up pretty near the Yukon border. Is it your intention to do any work in the Yukon or not? If so, I should think the Yukon should be included in the Bill?—A. Well, Mr. Green, in the long-run picture it is conceivable that, with the development of the Yukon and so on, we might very easily want to go into the Yukon. At the moment that is probably somewhere in the future. I certainly would not object to putting the Yukon in there.

Q. It is your responsibility whatever goes in there. How far from the Yukon are you exploring now?—A. Well, we are in the Fort St. John area and slightly north of it. I am not familiar with the number of miles but I would think we are quite a distance now.

Mr. FAIREY: They are not further north than Fort St. John now, Mr. Green. The tendency is certainly in that way.

The WITNESS: The tendency is certainly toward the north, yes.

Mr. FAIREY: But we are not asking for that now, Mr. Green, unless you want to amend it to include that, in which case we would not object.

*By Mr. Hahn:*

Q. I would agree with what Mr. Green has just said, that in view of the progress of business and so on in that part of British Columbia and in the Yukon, I can well see if there is a strike of gas or oil or anything in that region it would be desirable to have it included. I would not be opposed to including it but, as Mr. Green has suggested, it may be desirable for you yourselves to ask for the change at this time. Where it is necessary to bring about a change in the act it is desirable to have it done in the beginning.—A. If one of the hon. members would move it we would be glad to have that.

Mr. NICHOLSON: Do we have to worry about that, as it does not appear in the bill? I gather the Yukon Pipe Lines Limited are going to look after the Yukon Territories.

Mr. HAHN: What Mr. Nicholson says might be quite true, but here we have a company which is developing that part of British Columbia, and the

natural way for development is up into the northern territory. As we are quite aware in British Columbia—I am not suggesting that these other pipe line bills at this time should not be dealt with in their proper sequence—but I would feel better about the whole situation if the whole thing were indicated at this time to make it possible for future expansion.

The WITNESS: If it should become needed in the interests of the Yukon to move up there, the power is already included, and I would agree to that.

Mr. GREEN: I move an amendment to that effect.

Mr. FAIREY: Where would you put that? Would you say in clause 6(a), "In the provinces of British Columbia, Alberta, Saskatchewan and Manitoba, and in the Yukon and the Northwest Territories—"?, after the words "Manitoba and in" add the words "the Yukon and"?

The ACTING CHAIRMAN: Gentlemen, you have heard the amendment. On line twenty of page 2, you have heard the motion, that line 20, clause 6(a) be amended to read: "Saskatchewan . . ."

Mr. CAMPBELL: Mr. Chairman, before you put the motion, is there a representative present from the Yukon Pipelines Limited? If so, could we hear from him in order to see if this would interfere with them?

Mr. FAIREY: Do you object to it, Mr. G. J. McIlraith—you are sponsor of their bill?

Mr. G. J. McILRAITH: The only point is that the Yukon Pipelines bill is for a different purpose; but there is one thing the committee should consider, namely: the incorporators seeking incorporation here now represent a company engaged as heavily as any company in the country in the pipeline business of transporting oil and gas. They undoubtedly considered the bill before they came here and for some reason left out Yukon. They undoubtedly cleared the bill with the proper authorities in the Northwest Territories and the Department of Transport. The committee now seeks to put in something which was not asked for, for some reason which no one seems to know. I do not think the Yukon Pipeline Company has any objection. I would not imagine the Yukon Pipelines people would have any objection as such, except that they are already serving the area with existing facilities. I wonder if the committee has considered that point.

Mr. NICHOLSON: I know very little about the area involved; but we have had some experience in Canada in connection with the construction of railway lines. Before we give too wide powers to any one company, we should give them a chance to make a request. I do not think the initiative should come from this committee to change the wording without a request from the company. If this company, at some time, wishes to carry on operations in the Yukon Territory, it would be quite a simple matter for them to make representations to us. Until we receive a definite request, I suggest we should not add to what they want. In view of the fact that there is another bill coming up which deals with the Yukon Territory, I suggest we leave the bill as it is.

Mr. GREEN: I think that "Northwest Territories" might be construed as broad enough to include Yukon, because the Yukon is a territory in the same manner as Mackenzie is a territory, Franklin is a territory, and Keewatin is a territory. That may be why they merely used the words "Northwest Territories".

The work being done by these people does not conflict in any way with the proposed undertaking of Yukon Pipelines Limited. They are proposing to run a pipeline from the sea up to Whitehorse, along the right-of-way of the railway which belongs to the people who are applying for the new pipe line charter. The present applicants are working away over in the northeast



corner of British Columbia and in the northwest corner of Alberta. They have pioneered gas and oil development in that part of Canada and they deserve great credit, in my opinion, for what they have done. They also pioneered this plan of piping gas from the Peace River country down to the west coast. I certainly approve, very strongly, what they have done. They have been the real pioneers in this field.

It may be that they do not intend to get into that southeastern corner of the Yukon. Maybe they have never even thought of it. I do not know. But if these discoveries continue in the direction in which they have been going, that is, in a northwesterly direction, eventually they will reach the boundary between British Columbia and the southeastern corner of the Yukon. I do not see how anybody would be hurt by giving them the power to build a pipe line in the Yukon. Otherwise they would have to come back here and go through all the trouble of getting an amendment to their charter, merely to add the word "Yukon".

Mr. MURPHY (*Westmorland*): That is what we are here for.

Mr. GREEN: I do not care about it one way or another, but Mr. Fairey mentioned the Yukon when he made his explanation.

Mr. MURPHY (*Westmorland*): If the sponsor does not care, I think we should leave it as it is.

The ACTING CHAIRMAN: We have discussed the amendment. Are you ready for the question?

Mr. BYRNE: Mr. Green takes quite a different stand on this question that he took on the occasion of the charter for the Westspur Pipe Line Company.

Mr. GREENE: In what way?

Mr. BYRNE: Mr. Green was averse to giving the Westspur Company anything that they had not already anticipated or asked for. But, apart from that, I think that the West Coast Transmission Company, which is the parent body, did put up some considerable—while not official—objections to the pipe line. As some of us feel, they developed that area, and they have, I think, a fairly large coverage; and when they decided to ask for the powers to be granted in this bill, they did not include Yukon Territory. I notice it is going to have a very adverse effect on the development in the north for the next few years, and this committee should grant them not more than they have asked for at this time. I think we should accept the bill as it is for the present, with the understanding that we are not opposed to their development of the Yukon Territory if they see something in the future necessitating it.

Mr. FAIREY: It is true that I mentioned the Yukon. I also said there was no immediate need for it. But, as Mr. Green has said, certainly this company has pioneered the development of oil and gas discoveries in northern British Columbia, and it will require an outlet for its product. It seems to be tending that way. If there is any objection, certainly we are not going to press it; but it certainly would not, in my view, do any harm to anybody, and it might save this company making an application at a future time.

Mr. HAHN: I have one question which I would like to have cleared up in my mind before we vote; it is this: this bill must have been cleared by the Board of Transport Commissioners to begin with? Must it not? No,—I should have said the Department of Transport; but if it is cleared by the Department of Transport, would the decision to add the word "Yukon" to the bill affect in any way the latter, or would we be over-riding their decision?

The WITNESS: With great respect to Mr. McIlraith, I do not think that this has been dealt with by the Department of Transport at this stage.

Mr. G. J. McILRAITH: As I understand it, all these bills which go on the order paper in either House are checked by the Department of Transport, and usually their solicitor comes here. He usually sits at the back of the room and if he is asked he will say that they have no objection to the format of the bill. He always is in the room when it is before the Senate committee. But in any event I would not think that they would be concerned with the geographic territory. I cannot speak for them, but I would not think so.

Mr. MURPHY (*Westmorland*): Mr. Merriam must know why it was left out, because he is the solicitor for this company. He must know why Yukon was left out.

The WITNESS: Perhaps, as Mr. Green suggested, it just was not thought of. It is quite a distance from where the exploration is being carried on at the moment, and it was possibly projecting their minds a little too far into the future. But I think, strictly speaking, the answer is that it was not thought of. From the point of view of the Yukon, as I see it, there is great merit in putting it in; and if this exploration does continue, and if the power to cross that boundary between the Yukon and British Columbia is required, there may be some question of right with respect to building a pipe line across that interprovincial boundary to bring gas and oil, and whatever else may be found there, to the market.

Mr. MURPHY (*Westmorland*): You must have thought of it already?

The WITNESS: No.

Mr. HAHN: I do not understand why they would ask to go into the Northwest Territories. It would be more distant than it would be to the Yukon, from British Columbia, and the natural field of development is into the Yukon from British Columbia. I am more inclined to agree with what Mr. Green suggested a little while ago with respect to the full area that the company is concerned with, as part of the Northwest Territories, and that it would expedite them if the whole area would be covered.

Mr. FAIREY: You mean that they thought it would be an all-inclusive term?

Mr. HAHN: Yes.

Mr. FAIREY: Legally it would not.

Mr. HAHN: No, legally it would not!

Mr. MURPHY (*Westmorland*): If they thought that Northwest Territories was an all-embracing term, then they would think of it as including the Yukon.

The WITNESS: Legally speaking there is a difference, of course.

Mr. PURDY: The Yukon and the Northwest Territories are both recognized as different geographical boundaries.

Mr. BARNETT: Is it true that as far as the legal definition of the bill is concerned the term "Northwest Territories" could not be construed to include the Yukon Territory?

The WITNESS: I think that is true as a legal interpretation.

Mr. BARNETT: If that is the case, the other information which appears relevant to me is the matter of the general geographic and geological characteristics of the country. If there is no possibility of the particular corner of the Yukon Territory which has been referred to as the southeast corner being included in the area which is geologically given within the scope of the gathering system, then there is no particular point to it.

Mr. FAIREY: If the term "Northwest Territories" is an all-inclusive term for the northwestern part of Canada, there is no particular objection to particularizing and making it quite certain that the Yukon is part of the Northwest Territories.



Mr. MURPHY (*Westmorland*): If we were to do that we would say: "Yukon and the District of Keewatin, the District of Franklin, and the Northwest Territories and outside of Canada", which would make us look rather ridiculous, to put in all the districts of the territories, if the territories are included. They left it out of their bill and there must be a reason.

Mr. NICKLE: Mr. Chairman, it is common practice in western Canada to describe all gas and exploratory work in the Yukon and Northwest Territories as simply a Northwest Territory plan. I feel as Mr. Green does, that on the part of this pipe line company it was merely an oversight based on the common terminology applied to the Northwest Territories.

There is at the present time just as large an expansion under way, or development for oil and gas, in what legally is defined as the Yukon Territory, as there is in what is legally known as the Northwest Territories, and I am confident that this particular company applied the common terminology which is used.

I think the amendment which has been suggested is one which would correct an innocent error on the part of the pipe line company and would certainly do no harm to the people; and I am quite confident that they did contemplate including the legally defined Yukon Territory and the Northwest Territories in the one term "Northwest Territories".

The Acting CHAIRMAN: It has been moved by Mr. Green and seconded by Mr. Hahn, that clause 6, paragraph (a), lines 19 and 20 be amended to read as follows:

In the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Yukon and Northwest Territories . . .

All those in favour of the amendment will please say, Yea. The Nays?

Perhaps we had better have a show of hands. All those in favour of the amendment will please raise their hands?

The CLERK of the COMMITTEE: Yeas: Eleven.

The ACTING CHAIRMAN: Now the nays?

The CLERK of the COMMITTEE: Nays: Twelve.

The ACTING CHAIRMAN: I declare the amendment defeated. Does clause 6 carry?

Carried.

*By Mr. Nickle:*

Q. On clause 6, is it possible to get an explanation of the term "main pipe line"?—A. Mr. Nickle, that is a very difficult question in this particular application. As I tried to explain in the beginning, plans have not progressed to the point where we can say there is a main pipe line from A to B, or, even if there is a main pipe line, it might develop into a grid system to come out to West Coast or Trans-Canada or Interprovincial, and the reason that is put in there is that it is in all pipe line bills and, secondly, there is still that uncertainty as to just what form the operations of this company will take.

Q. In other words, were any line to be defined as other than "main pipe line" there would be—if it was defined as a main pipe line you would be prohibited from crossing the border?—A. Yes, I think that is perfectly true.

Q. Now, in your charter, let us take an example of what has happened in the case of the associates of the West Coast. Your main pipe line is going to be built down to the American border somewhere south of Vancouver, and it joins another pipe line built by an entirely different company, Pacific Northwest, the main pipe line reaching the American market brought in from Peace

River to West Coast. Now, under this charter it suggests they request permission to service the northwestern United States which would necessitate the building of a main pipe line into the northwest American states. Would it be possible or legal for this company or West Coast or any other company, under this clause restricting the building of main pipe lines to building within Canada, to set up a subsidiary company to build an extension of the main pipe line into the United States; or would it be forced to turn that building of main transmission line for oil or gas over to an entirely unrelated American corporation?—A. I think, Mr. Nickle, we are getting into the sphere of practical problems of rights in the United States. From a legal point of view my own personal feeling as a lawyer—and there may be all sorts of lawyers who will disagree with me on this interpretation—but my own personal understanding is that these words of limitation do not preclude any of these companies from incorporating an American subsidiary and having that subsidiary build the line within the United States.

Q. Then, by that definition—that interpretation—the inclusion of this clause does not make sense, because the clause is needless and can be easily gotten around by setting up an American subsidiary—is that right?—A. Well, Mr. Nickle, parliament in its wisdom decided that that clause should go in, some four or five years ago. I am quite sure that the members of the House of Commons when that was inserted had very good and valid reasons for inserting it, and I certainly would not take it upon myself to question the value of that particular phrase. I don't know that it has been decided up to the moment.

Q. What I am actually trying to get back to is that you have the power under this bill, as has every pipe line company—the power to build pipe lines outside of Canada as well as in Canada. Now, you have within the same charter a restriction requiring you to build your main pipe lines only within Canada. We have no clear definition of what a main pipe line is. Any pipe line reaching the border can, I think, be construed as likely to be a main pipe line and yet, what happens then, how do we define a pipe line that crosses the border?—A. I think there are two safeguards there, with respect. One is the Board of Transport Commissioners from whom one must get approval after filing very detailed plans and specifications and satisfying the board as to the feasibility of the undertaking, the size of the pipe and the size of the line itself, whether it is a 24 inch, a 30 inch—whatever it might be—satisfying them after a very thorough and complete hearing. Secondly, there is the Department of Trade and Commerce without whose consent the gas cannot be exported in any event; and, thirdly, there is usually a provincial governing body which even more restricts the issuing of its permits. Fourthly, there is the Federal Power Commission in the United States which looks at it even more closely, I think. After you have got over those four hurdles I think the scheme has been pretty well gone into.

Q. I agree with you that those four steps—provincial, federal, Transport Board, Department of Trade and Commerce and the American Federal Power Commission—do provide a measure of safeguard against the building of lines in such a way as might take away from Canada some of its precious oil and gas reserves. But with all those safeguards why is it necessary to include in your application for a charter a phrase restricting main pipe lines to Canada when we can't even define what a main pipe line is? We do have competent bodies set up, provincial bodies, federal bodies, transport boards, to make investigations and to provide a safeguard which parliament is attempting to provide with the inclusion of this one clause, which cannot be defined because we cannot define what a main pipe line is. My submission is that the clause should be eliminated.



Mr. HAHN: I think Mr. Nickle has just indicated to us the reason we should have had the inclusion of the word "Yukon". I think the intention there is to have that line run to the Alaska boundary, and, if it is possible and desirable and if our Department of Trade and Commerce were agreed, we could provide that right into Alaska if it were found necessary and possible. We should have heard Mr. Nickle before we dealt with the other question.

Mr. BYRNE: Mr. Hahn, of course, did not have the advantage some of us had of hearing the earlier discussions on the formation of pipe line companies. I would not say he is a rookie but he is beginning to grasp the picture very quickly.

Now, I can recall some years ago when members and others were trying to block or oppose a charter for a pipe line which would traverse the southern portion of British Columbia. The fact that the Board of Transport Commissioners existed, and the Department of Trade and Commerce, and the Federal Power Commission, had no relation whatsoever to the argument. They were absolutely insistent that this clause be written in, "the main line shall be in Canada" for the protection of Canadian resources. I see the argument seems to have changed now considerably, and we find that we have run up against a bit of a block all right, because the West Coast Transmission, as Mr. Nickle has said, built a pipe line to the coast and decided to send 85 per cent of their gas on into the United States. Then, certainly a portion of that pipe line which carries 85 per cent of the gas, regardless of its size, is going to be the main pipe line; and it may run up against difficulties. I don't think we should use that word "wisdom" too loosely.

However, I think we should pass this as it is. I think we were justified in taking a little exception, in running off in all directions after the discussions we have been subjected to in the past three or four years.

The ACTING CHAIRMAN: Shall clause 6 carry?

Mr. MURPHY (*Westmorland*): I want to ask about the same thing Mr. Nickle asked, "provided that the main pipe line or lines"—that would mean other pipe lines—"for the transmission and transportation of gas and oil shall be located entirely within Canada." And then up in the 21st line it says permission is given to construct outside of Canada. Aren't those contradictory now? If you cannot build any lines for transportation of the gas or oil outside Canada—it says they must be built in Canada—then you have to ask for permission to build them outside of Canada.

Mr. HAMILTON (*York West*): I would say that is fairly clear. It restricts main pipe lines outside Canada.

Mr. MURPHY (*Westmorland*): What does that line mean?

Mr. HAMILTON (*York West*): I would say it is modified by the adjective "main"—main pipe line or main pipe lines.

Mr. MURPHY (*Westmorland*): It is pipe lines other than main?

Mr. HAMILTON (*York West*): I would say it is quite clear. In respect of the observation that we cannot define "main" and "subsidiary" lines—I would entirely disagree with that observation. As a matter of fact in all cases we must sit back and realize that if we come to a real dispute the interpretation itself is placed on these words by a court, and there will be a very definite answer. If there has been faulty draftsmanship it may not be the answer we want; but I disagree entirely that you cannot interpret this section, because literally it must be interpreted, and there is a place to interpret it.

Mr. HAHN: Further, as a rookie in this thing, I can well visualize this whole part of the Pacific northwest now becoming an integral part of the North American gas policy, whereby beginning with the Texas fields and supplying gas into the eastern part of Canada, as I imagine they will some day despite

what our present plans may be, and coming along through the southern part of the United States up through California, running on up into British Columbia and on into the Yukon and Northwest Territories, and back down south through Minneapolis and that way, a full tie-up, so that we may eventually be buying gas back into the Peace River country from the United States—and for that consideration I would say we are going to have to define eventually what our main lines are. However, I am not going to carry on with that any further. I was interested in 6(b) if we are finished with 6(a).

The ACTING CHAIRMAN: Shall 6(a) carry?

Carried.

Mr. HAHN: In clause 6(b) it would appear to me that the discussion taking place up to this time means that the company would have a closed town, that is it would prevent private individuals or enterprises going into that particular community. It would be a company town?

Mr. FAIREY: Not necessarily.

*By Mr. Hahn:*

Q. I feel that the opportunity should be given. They may have certain standards that would be required in such a community but certainly I think the opportunity should be given to other individuals to come in there and build, providing they meet with the specifications and standards and so on of that particular company.—A. I don't think, with respect, there is any limitation in this. The powers that you see in clause 6(b) are very similar to the powers that are included in any land development company and that sort of thing. It is quite conceivable as you get up into the northern part of the province—we don't know what the future is going to be—I don't think any of us in this room know just how that country can develop, we know it has got great potential but how it is going to be developed we just don't know—it is quite conceivable that this sort of thing may be the means of commencing a vast opening up of that area. Somebody has got to go in there in the beginning and get the ball rolling.

Q. I am not opposed to the company getting the ball rolling.

Mr. FAIREY: I don't think it is exclusive, Mr. Hahn.

The WITNESS: There is nothing exclusive about it at all.

*By Mr. Hahn:*

Q. I see here, "purchase, hold, lease, sell, improve, exchange or otherwise deal in any property, real or personal . . ." If the company so wishes they can stop others by holding that property or just not selling?—A. I think what is contemplated is this, that they find gas or oil or something in large quantities in a particular area without labour being readily available. Now, there are no town facilities, no houses, nothing up there. This gives them the power and authority to purchase a tract of land, to build houses on it, put sanitation facilities in there, have someone come in and construct a theatre, and so on. There is nothing which limits the development of that town to what the company wants it to be. Once they get that first foothold in, there may develop a city. It is certainly not limited to the company in any way, shape or form.

Q. I can see the desirability of having standards set and so on, but I would not be too happy to feel, as they do in some of these company towns, that no one can come in there and build a home and own a piece of property, and it completely belongs to the oil company, gas or aluminum company, pulp and paper company or whatever it may be. It does away with that initiative, I think, which we should continue to have and practise in this country.



Mr. GREEN: Mr. Chairman, I think Mr. Hahn has overlooked the fact that there is provincial legislation dealing with this, that these properties come under the control of the province, and they would come under very rigid control. I know at Kitimat, which was built by the Aluminum Company, the homes are to be owned by the people themselves although the whole plan was prepared by the company. I think it is beyond our power to deal with municipal matters of that kind. This clause merely gives the company the power to build these things. We cannot interfere with the provincial law.

Mr. HAHN: That is the only fact I am interested in. It might become a municipality unto itself then?

Mr. GREEN: Under provincial law.

The ACTING CHAIRMAN: Shall clause 6(b) carry?

Carried.

Shall clause 6(c) carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill without amendment?

Agreed.

The Acting CHAIRMAN: We shall now consider Bill No. 375, An Act to incorporate Yukon Pipelines Limited. The sponsor is Mr. McIlraith. Would he like to make an explanation?

Mr. G. J. McILRAITH: Mr. Chairman and gentlemen, I don't know that there is much I can usefully say beyond what was said on the second reading in the House the other day. The first thing to note in the bill is that it is limited to British Columbia and the Yukon Territory in Canada and outside Canada. The second thing is that the persons seeking incorporation are in the main officers of the White Pass and Yukon Route. They operate the railway from Skagway to Whitehorse.

In 1942 the United States army leased that railway and built a pipeline on the right-of-way. Since the end of the war when the railway was returned to the company that pipe line has been put back into operation and has supplied fuel oil to Whitehorse as a side product. The main purpose of the construction of the line was to supply oil from Skagway through Whitehorse and through the Yukon back into Alaska for the United States army, and that is still its main purpose.

During the past year the United States army has built a new pipe line, eight inches in diameter, from Haines, Alaska, just across the bay from Skagway, through Alaska, operating by a different route and not through the Yukon, serving the United States army in Alaska. It is expected that that new line will be in operation shortly. Under the agreement permitting the take-off for Canadian needs on the line going through Whitehorse that right can be terminated on thirty days' notice. So we have the situation that the people in Whitehorse and the Yukon Territory, who are dependent on this line for their supply of fuel oil, are very much concerned and eager to have the line remain in operation.

The cost the president can give precise information on, but the cost of bringing fuel oil from Vancouver to Whitehorse by the pipe line, carried in tankers from Vancouver to Skagway and then the 110 miles by pipe line is between \$2 and \$3 a barrel, and bringing it in from Edmonton by truck is \$14, so you can see the interest of the Yukon people in having the line remain in operation. The incorporators are seeking in the corporate capacity to negotiate with the Canadian government authorities and the United States army authorities either to lease or buy the line over the railway serving the area.

We have today with us Mr. Rogers, who is the president of the railway companies. Incidentally, perhaps we should refer to it as the route. They operate under separate corporate structures—one a few miles in Alaska, one a few miles in British Columbia and one a few miles in the Yukon. We have Mr. Rogers here to answer any questions about the proposed operation of the line. Mr. D. A. McIlraith, Q.C., is also here to answer any questions. He is solicitor for the incorporators. It is proposed when we come to section 6 to suggest that the committee make an amendment limiting the right to build main gas lines to Canada as was done in the Westspur bill.

The Acting CHAIRMAN: Does the preamble carry?

Carried.

Mr. NICHOLSON: Could we hear from Mr. Rogers at this point?

The Acting CHAIRMAN: Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Clause 3, "Capital."

3. The capital stock of the Company shall consist of one million shares without nominal or par value.

The Acting CHAIRMAN: On clause 3—I have a letter from Mr. Arsenault, Chief Clerk of Committees, advising that clause 3 of this bill provides for capital stock of one million shares without nominal or par value. It goes on:

In order to fix the capital stock charges to be levied from this office, the value of the shares for taxing purposes will have to be determined by resolution of the committee.

It is essential that this be not overlooked when clause 3 of the bill is called.

I understand that the solicitor has a declaration which he wishes be read, and to have the consent of the committee thereto. It provides that the total consideration for which these no par value shares are to be issued will not exceed the aggregate \$5,000,000. Is that agreed?

Agreed.



May I have a motion that for the purpose of levying a charge on the capital stock under the provision of Standing Order 93(3) the committee recommend that the said charge be based on a total capitalization of \$5,000,000?

Mr. BYRNE: I will move it.

Mr. LAFONTAINE: I second it.

Carried.

The ACTING CHAIRMAN: Shall clause 3 carry?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

6. The Company, subject to the provision of any general legislation relating to pipe lines for the transportation and transmission of oil and gas and other liquid and gaseous hydrocarbons which is enacted by Parliament, may

- (a) with Canada in the Yukon Territory and the Province of British Columbia and outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial, extraprovincial and/or international pipe lines, for the transportation and transmission of oil and gas and other liquid and gaseous hydrocarbons and products thereof, including pumping stations, compressor stations, metering stations, gathering systems, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of oil and gas and other liquid and gaseous hydrocarbons and products thereof; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the *Radio Act*, and any other Act relating to radio, own, lease, operate and maintain interstation radio communication facilities;
- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water and other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and
- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any

of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection 1 of section 14 of the *Companies Act*.

**Mr. D. A. McIlraith, Q.C., Parliamentary Agent, called:**

The WITNESS: Mr. Chairman and hon. gentlemen, if one of the hon. members of the committee agrees to so move the incorporators consent to a limitation of the main gas line within Canada and in that connection it would be clause 6 (a)—at least I would make this suggestion, that clause 6(a), line 31, page 2 of the bill, after the words "said pipe lines" the following words be added: "provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada".

The ACTING CHAIRMAN: This is an almost exact duplicate of the amendment that was moved in the House in committee on a recent bill. Is there a mover and seconder? Moved by Mr. Habel and seconded by Mr. Purdy.

The ACTING CHAIRMAN: Are you ready for the motion?

Mr. NICKLE: Before passing this let me again voice my objection to the inclusion of the same phrase included in the other pipe line bill which cannot be properly defined. As I said on the previous bill the definition of "main pipe line" was something which this committee could not define and I question whether anyone else could properly define it. We have here another company which has a charter to build pipe lines within and outside Canada, to build interprovincial, extraprovincial or international pipe lines and yet it is prohibited from building main pipe lines outside Canada.

As I said before, the definition of a main pipe line is something that should be clarified for this committee. It should be clarified by the sponsors of this bill or if any clear definition of main pipe line could be given then it should be heard.

Mr. NICHOLSON: Mr. Nickle is an expert on pipe lines. Maybe he can define it?

Mr. NICKLE: I cannot for the life of me define it.

Mr. BYRNE: I think we should carry it now as it is.

Mr. NICHOLSON: Do I understand that part of this line is through the States?

Mr. GREEN: For oil, not gas. This line follows the railway track. There is no restriction on oil. This restriction is only on gas.

Mr. NICHOLSON: This line follows the railway, does it?

Mr. BYRNE: There would have to be two lines if you are going to pipe gas.

Mr. NICHOLSON: And it would not be permissible for it to follow the route this railway follows? It seems to me there might be a problem in connection with this particular bill. I understand the railway runs apparently through Alaska and the present oil line runs through Alaska. In the event that you were to have gas from Skagway to Whitehorse it would follow the railway and would have to flow through Alaska, not all the way?

The WITNESS: That is right.

Mr. GREEN: I think where Mr. Nicholson is in error is in this fact. This line is not for the export of oil; it is for the import of oil from the coast up to Whitehorse and there is no restriction whatever on oil. They can build their line outside Canada, even if they were exporting oil rather than importing it; but in addition to asking that power they are asking for wide



open powers to deal in gas. They might build a transcontinental pipe line. They might carry gas anywhere inside or outside Canada; so this restriction that they are writing into the section only applies to gas.

Mr. BARNETT: Might I, on a point of information, make a statement in regard to this line in question? Why is it desirable to introduce a bill in a general pipe line form in this particular case? Is there any practical possibility, for example, that this company would be engaged in the transmission of gas at all? Was there any particular reason why it was thought desirable to introduce this bill in this form rather than simply a bill which would give the company power to operate lines for transmitting oil from Skagway to Whitehorse?

Mr. G. J. McILRAITH: I have always held the view that the Pipe Lines Act contemplated incorporation by special Act rather than by reference, and for that reason the charter was set out in a special Act rather than giving the railway company power to carry on an oil business. There could be a great deal of legal argument on that. You could argue about it one way or the other, and I am not dogmatic in asserting one view as against the other; but the Pipe Lines Act would seem to contemplate that companies operating interprovincial pipe lines must be incorporated by special Act.

Now, it is quite true parliament could legislate around that by incorporating by reference. It is a matter, I suppose, of taking your choice. The incorporators certainly discussed that point and it was considered.

Mr. MURPHY (*Westmorland*): Mr. McIlraith, M.P., this company can set up a good system similar to the Petroleum Transmission Company to collect oils and gases. It has the same rights and powers as the previous company?

Mr. G. J. McILRAITH: It has the same rights and powers limited to British Columbia and the Yukon. Under the bill it has the corporate capacity to set up an oil gathering or gas gathering system.

Mr. NICKLE: Mr. Chairman, relative to this matter again, knowing a slight amount about the geography and the terrain of the territory where this pipe line company or its predecessor is now operating, I think it is fairly obvious that while gas pipe lines are not contemplated at the present time, when and if gas is found either in the Yukon or the far northeast corner of British Columbia, gas pipe lines would be built and that, just as per the existing oil line, the terrain and geography of the country would dictate that some portion of those gas lines would cross over a portion of the United States territory. Obviously, some markets are going to have to be found for some of these products which I believe are going to be found in northeastern British Columbia and the Yukon and in the territory of Alaska. The inclusion of this prohibition of building of main pipe lines outside of Canada will have the effect of forcing parliament again to consider this bill, to determine whether or not a section of the same diameter pipe line which happens to cross America is part of a main pipe line or merely some branch, despite the fact it might be the same diameter as the line passing over Canadian territory and may be an integrated part of this line. Unless we define it as part of a main pipe line it cannot be built and, by the same token, the inclusion of this restriction can prevent this company in the event it has natural gas from serving American markets that may exist near its field or near its system in American territory. For that reason again, because we cannot define the word "main", I would say that this amendment should not pass.

Mr. HAHN: Mr. Chairman, I think we can define the word "main" much as I do not like to disagree in this respect with someone as familiar with

the gas field as Mr. Nickle is, but would not that be a case of saying that that line on which you have a gauge and through which the greatest amount of gas goes would be the main gas line?

The Acting CHAIRMAN: This amendment is very similar to the one we passed in the House in committee recently. I will put for the question. Those who are agreeable to the amendment? Contrary, if any?

Carried.

Shall clause 6 as amended carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry as amended?

Carried.

Shall I report the bill as amended?

Agreed.

THE ACTING CHAIRMAN: Are we now ready to deal with bill No. 378, an Act to incorporate S & M Pipeline Limited. We have the same sponsors and the same representatives. Does the preamble carry?

Whereas the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Mr. GREEN: May we have an explanation?

Mr. G. J. McILRAITH: Mr. Chairman and gentlemen, the incorporators of this company are officers of the Canadian Devonian Petroleums Limited. Now, Canadian Devonian Petroleums are exploring and developing oil mainly in the Saskatchewan area. The company has its origin in Saskatchewan and they have in the Frobisher field in southeastern Saskatchewan some wells in production. To connect the wells in that area with the interprovincial oil pipe line requires crossing the Manitoba border. Under the amendment to the Pipe Lines Act in 1953 it is necessary for a pipe line company crossing a provincial border to be incorporated by special Act. The applicants therefore seek incorporation for the purpose of constructing pipe lines in the four western provinces and the Northwest Territories.

What they have under immediate contemplation is a pipe line to serve the southeastern Saskatchewan area having their own main interest in that area because of their own wells.



A reference to gas is included and the same amendment will be proposed in clause 6 (a) as was previously proposed in other bills. Mr. Cruickshank, the general manager of Canadian Devonian Petroleums Limited is here and Mr. D. A. McIlraith is solicitor for the company.

THE ACTING CHAIRMAN: Does the preamble carry?

Mr. NICHOLSON: I wonder if Mr. Cruickshank would be good enough to tell the committee something about the company's operations.

Mr. CRUICKSHANK: I am general manager of Canadian Devonian Petroleums Limited and one of the petitioners; the other three petitioners for this bill are the first vice-president, another vice-president and another director of the company.

Canadian Devonian Petroleums was incorporated in 1951 as a dominion company. We propose if we are successful in getting this bill through and getting a permit from the Board of Transport Commissioners to build a pipe line from Midale east which will serve the Lampman-Frobisher-Alita field and down the interprovincial to Cromer, Manitoba. On the route it will also serve the Steelman and Nottingham fields. We are interested particularly in Canadian Devonian because Canadian Devonian discovered the Frobisher and Lampman fields, which were the first two light gravity oil fields discovered in that part of Saskatchewan. Also, to get our oil from Frobisher to Regina costs us 62 cents a barrel whereas if we had this pipe line in the first year at a minimum we could transport our oil from Frobisher to Cromer for 21 cents, which would be a saving of 41 cents. Secondly, we know that a pipe line will not only expedite the development of the field but it is going to give great impetus to further exploration in southeast Saskatchewan.

That, Mr. Chairman, is the principal reason why we have petitioned for this bill now under consideration.

Mr. HAMILTON (York West): Those names you mentioned of places, they seem like the same names referred to in the Westspur?

Mr. CRUICKSHANK: That is right.

Mr. HAMILTON (York West): Then this means there is a contest before the Board of Transport Commissioners to see which of them...

Mr. CRUICKSHANK: I suspect that is right.

Mr. HAMILTON (York West): In other words, it is not something for us to determine but in all likelihood there won't be a duplication of service?

Mr. CRUICKSHANK: No, there will be one permit issued by the Board of Transport Commissioners.

Mr. HAMILTON (York West): This is enabling legislation for you to go before that board?

Mr. CRUICKSHANK: To oppose Imperial Oil or in order to cooperate with Imperial Oil—it might be a better way to put it.

Mr. HAMILTON (York West): There is a possibility that the two companies may get together in a case of that kind?

Mr. CRUICKSHANK: Yes, that is right.

The ACTING CHAIRMAN: Does the preamble carry?

Mr. NICKLE: What companies or groups other than Canadian Devonian are participants in S & M Pipelines Limited?

Mr. CRUICKSHANK: None as yet, but we anticipate that that would be offered to other producers in the area.

The ACTING CHAIRMAN: Shall the preamble carry?

Carried.



Mr. HABEL: I would like to express my view that the Socialist government in Saskatchewan should have taken the opportunity of building that pipe line.

The ACTING CHAIRMAN: Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Clause 3: "Capital." We have a similar letter from Mr. Arsenault as on the previous bill and a similar declaration except that this time there are in part one million shares of no par value and the total consideration for which the no par value stock can issue can not exceed \$2 million for the common shares.

Motion for a similar recommendation is moved by Mr. Habel and seconded by Mr. Purdy.

The ACTING CHAIRMAN: Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Clause 6:

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons which is enacted by Parliament, may

(a) within Canada in the Northwest Territories and the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial, extra-provincial and/or international pipe lines, for the transmission and transportation of gas and oil and other liquid and gaseous hydrocarbons, including pumping stations, gathering systems, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas and oil and other liquid and gaseous hydrocarbons; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the *Radio Act*, and any other Act relating to radio, own, lease, operate and maintain interstation radio communication facilities;

(b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water



and other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and

(c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection 1 of section 14 of the *Companies Act*.

The Acting CHAIRMAN: We are open for a motion of the same amendment as was passed on clause 6(a) on the previous bill. Mr. McIlraith will explain it.

Mr. D. A. McILRAITH: If one of the hon. members would care to so move, the incorporators will consent to an amendment, and we suggest that that amendment be to clause 6(a) in the bill, line 23, page 3, after the words "said pipe line" the following words be inserted, "provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada"—the same amendment as before.

It is moved by Mr. Habel and seconded by Mr. Purdy.

Mr. NICKLE: Mr. Chairman, I am not going to voice the same objection but a different one. In this bill we have prohibited the construction of main pipe lines for natural gas or gaseous hydrocarbons across the international border but have left the door wide open for crude oil across the border. Perhaps someone on this committee, the sponsors of the bill, or some pipe line company could inform me why they have differentiated between gas and crude oil.

I find on checking the records for recent years of western Canada, the discovery rate to reserve, growth rate, etc., that we have been discovering crude oil at a rate of roughly six barrels of new reserve for every one barrel we have used, that this year because of increased demand for oil we will likely discover three barrels of oil for every one barrel we use. In other words, we are increasing our reserve three times as fast as we are using it.

For natural gas for the last three years we have been using only one cubic foot for every thirty cubic feet we have discovered; in other words, our gas reserves have been increasing at a rate five times greater than our discovery of crude oil. I know that our crude oil reserve at present which is about  $2\frac{3}{4}$  billion barrels amounts to the equivalent of thirteen years for Canada. Our present gas reserve of 20 trillion cubic feet is equivalent to one hundred years supply based upon the present usage of natural and artificial gas in Canada; in other words, our gas reserves are actually eight times greater in terms of public supply than crude oil.

On the basis of that if we had pipe lines serving the presently available Canadian market, Vancouver to Montreal, plus all presently available markets in the northwestern states and middle western states for natural gas we should still with those pipe lines be with our natural gas reserve 10 cubic feet for every one cubic foot we were using.

Now, it seems to me that if we are going to deal with these two resources, oil and gas, on the basis of our discovery rate to consumption in Canada that we would have to exactly reverse our position on the two projects and permit the building of oil pipe lines across the border and leave the doors wide open to international transmission of national gas.

If there is anyone present who sponsors this bill or anyone else who would care to dispute this statement I have made or to present a counter-argument on it, I would like to hear it.

Mr. BYRNE: I do not think it is fair to ask the company to make that explanation. It is something we have imposed upon us in that parliament in its



wisdom, again, have insisted on this amendment. So I think someone who has taken a strong stand for the amendment should be called upon to explain it.

The Acting CHAIRMAN: Shall clause 6 as amended carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill as amended?

We shall now adjourn to the call of the chair.